



TOWN OF JONESBOROUGH, TENNESSEE

AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

TOWN OF JONESBOROUGH, TENNESSEE

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

For the Year Ended June 30, 2015

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SECTION I

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Mayor and Board of Aldermen
Town of Jonesborough, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jonesborough, Tennessee (the Town), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Town of Jonesborough, Tennessee
Independent Auditors' Report

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregative remaining fund information of the Town as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 15 to the financial statements, in year 2015, the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS, and the Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS, on pages 4 through 13 and pages 75 through 76, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules, the supplemental section, and other supplemental information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Town of Jonesborough, Tennessee
Independent Auditors' Report

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual fund statements and schedules, the supplemental section, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, the supplemental section, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The other supplemental information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Blackburn, Childers & Steagall, PLC

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

December 18, 2015



TOWN OF JONESBOROUGH

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Jonesborough, Tennessee (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015. This analysis should be read in conjunction with the Town's financial statements for fiscal year 2015, including related notes. All amounts, unless otherwise indicated, are expressed in actual numbers (dollars).

FINANCIAL HIGHLIGHTS

- ❖ The assets and deferred outflows of resources of the Town of Jonesborough exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$31,128,870 (total net position). Of this amount, \$1,640,483 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- ❖ The government's total net position increased by \$3,258,092 (\$31,128,870 vs. \$27,870,778).
- ❖ As of the close of the current fiscal year, the Town of Jonesborough's governmental funds reported total unassigned fund balances of \$628,864 or a decrease of \$168,721 from the previous year.
- ❖ At the end of the current fiscal year, fund balance for the General Fund was \$1,762,595, an increase of \$381,575.
- ❖ The Town of Jonesborough's total liabilities and deferred inflows of resources decreased by \$47,359 during the current fiscal year. The decrease was due primarily to a decrease in accounts payable and retainage payable related to this new Senior Center construction, with an offsetting increase in deferred inflows related to employee pensions.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

THE OLDEST TOWN IN TENNESSEE

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and statement of activities are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The government-wide financial statements include entities the Town is financially accountable for.

- ❖ **Statement of Net Position** – Presents information on all of the Town's assets owned and deferred outflows of resources, less liabilities owed and deferred inflows of resources. The difference between these items is reported as net position. Increasing or decreasing trends in net position serve as an indicator of the Town's improving or deteriorating financial position.
- ❖ **Statement of Activities** – Presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the revenue is earned or the expense is incurred, regardless of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flow for future fiscal years. For instance, a portion of property taxes that are billed and collected subsequent to year-end have been earned and accounted for in the current fiscal year.

These statements group activities into two functions: Governmental activities and business-type activities. Governmental activities include General Government, Police, Fire, Streets, Garage, Senior Center, Park and Recreation, Visitor Center, Water Park and Solid Waste/Sanitation. The business-type activities of the Town include water services and sewer services.

Both statements segregate revenues and expenses by function. Revenues such as user fees and charges are designed to subsidize related costs. These revenues are separated from general revenues and intergovernmental grants.

The government-wide financial statements can be found on pages 14-16 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The Town, like other state and local governments, uses fund accounting to ensure compliance with finance-related legal requirements. All funds of the Town can be divided into two categories.

- ❖ **Governmental Funds** – Are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on impending inflows and outflows of spendable resources. These statements also highlight the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major fund, the General Fund, and the Special Revenue funds, the Solid Waste and Sanitation Fund and the Police Drug Enforcement Fund (pages 17-20).

The Town adopts an annual appropriation budget for its General Fund and two non-major special revenue funds. The Town's Charter necessitates re-appropriations of the budget only when the entire fund expenditures are expected to exceed budgeted amounts. A budgetary comparison statement has been provided for the General Fund (pages 21-28) and special revenue funds (pages 79-80) to demonstrate compliance with the appropriation.

- ❖ **Proprietary Funds** – Provide the same type of information as the government-wide financial statements, only in more detail. The Town maintains two types of proprietary funds: enterprise funds and internal service funds. Enterprise Funds are used to report the functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for water and sewer services. The Internal Service Fund is used to accumulate and allocate costs among various functions. The Town uses an internal service fund to account for employee health insurance activities. Because the services predominantly benefit governmental rather than business-type functions they have been primarily included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 29-33 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-74 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In this case, the Town of Jonesborough, Tennessee's total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$31,128,870 at the close of the most recent fiscal year compared to \$27,870,778 for Fiscal Year 2014.

By far, the largest portion of the Town of Jonesborough, Tennessee's net position (92.4%), reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Jonesborough, Tennessee uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Jonesborough, Tennessee's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town of Jonesborough, Tennessee's net position (2.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (5.3%) may be used to meet the government's on-going obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Jonesborough, Tennessee is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Town of Jonesborough, Tennessee
Net Position
June 30, 2015**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current Assets	\$ 4,297,481	3,822,770	1,793,944	2,004,523	6,091,425	5,827,293
Restricted Assets	-	-	162,508	154,173	162,508	154,173
Capital Assets, Net	12,410,963	10,542,251	37,831,463	37,110,134	50,242,426	47,652,385
Total Assets	16,708,444	14,365,021	39,787,915	39,268,830	56,496,359	53,633,851
Deferred Outflows of Resources:						
Deferred Bond Refunding	5,874	7,284	136,964	165,993	142,838	173,277
Deferred Outflows Related to Pensions	216,440	-	162,224	-	378,664	-
Total Deferred Outflows of Resources	222,314	7,284	299,188	165,993	521,502	173,277
Liabilities:						
Current Liabilities	1,128,101	1,120,842	1,620,873	2,138,209	2,748,974	3,259,051
Other Liabilities	5,743,263	4,789,286	15,102,784	16,150,910	20,846,047	20,940,196
Total Liabilities	6,871,364	5,910,128	16,723,657	18,289,119	23,595,021	24,199,247
Deferred Inflows of Resources:						
Current Property Tax	1,698,163	1,737,103	-	-	1,698,163	1,737,103
Deferred Inflows of Related to Pensions	339,610	-	256,197	-	595,807	-
Total Deferred Inflows of Resources	2,037,773	1,737,103	256,197	-	2,293,970	1,737,103
Net Position:						
Net Investment in Capital Assets	6,745,843	5,754,968	22,011,905	20,337,931	28,757,748	26,092,899
Restricted	730,639	212,745	-	-	730,639	212,745
Unrestricted	545,139	757,361	1,095,344	807,773	1,640,483	1,565,134
Total Net Position	\$ 8,021,621	6,725,074	23,107,249	21,145,704	31,128,870	27,870,778

The 2014 columns above are as originally reported in the June 30, 2014 audit report.

Governmental Activities

- ❖ For 2015 the Town maintained the equalized tax rate of 1.3105 of assessed value.

The Town:

- ❖ Continued construction of the Jonesborough Senior Center and began work on parking lot paving, sidewalk construction, landscaping and the floor finishes.
- ❖ Obtained funding to construct more parking at the McKinney Center and complete the landscaping plan.
- ❖ Completed all of the Wayfinding signage plan downtown including Boone Street.
- ❖ Completed the \$140,000 renovation of the old Exxon Station at the entry into downtown, obtained two grants for renovation and equipment and turned the building into a year-round Farmer's Market outlet store.
- ❖ Completed all of the right-of-way requirements for the TDOT Enhancement Grant for walkway construction, and received an extension that allowed us to go out to bid.
- ❖ Completed the \$240,000 2nd Ave gated railroad crossing signalization enhancement using STP funding through the Johnson City Metropolitan Transportation Planning Organization.

- ❖ Made playground punch-list repairs at Golden Oak Park, and successfully closed out the \$150,000 Local Parks and Recreation Fund grant project.
- ❖ Obtained a \$450,000 ARC Grant and a Rural Development-USDA loan to renovate the Jackson Theatre downtown, and using the Carter County inmate crew initiated the interior demolition of the building necessary before design could be initiated.
- ❖ Applied for a Community Development Block Grant through the TN Dept. of Economic and Community Development for façade renovation of the Jackson Theatre marquee and signage; awards have not been announced.
- ❖ With a TDOT Spot Safety Grant, installed a traffic signal at Persimmon Ridge Road and US-11E.
- ❖ Undertook a public-private street improvement project between W. Main Street, Persimmon Ridge Road and Shell Road for the purpose of improving traffic safety.
- ❖ Constructed a left turn lane at US-11E and Smith Lane to improve traffic safety.
- ❖ Completed construction design on a \$1.6 million turn lane improvement project at US-11E and State Route 354; waiting confirmation of TDOT funding.
- ❖ Constructed a new brick walkway along Fox Street at the Salt House.
- ❖ Initiated a plan to construct a public safety radio antenna system with new radios and console.
- ❖ Added an investigator position in the Police Department.
- ❖ Began the re-construction of the Chuckey Depot in Jonesborough to be used as a railroad museum.
- ❖ Developed a plan to move Jonesborough schools to a new location off SR-354, and open current school property to retail development.
- ❖ Assisted in the submission of an EPA Brownfields grant application for Washington County properties including the 250 acre Valley Equipment site in Jonesborough.
- ❖ Developed in plan to re-claim the wetlands area at Barkley Creek Park.
- ❖ Entered into an option for the purchase of the 19 acre Rosenbaum property to construct a municipal garage facility.
- ❖ Worked with Virginia Tech to develop plans for a community park associated with the new Jonesborough Senior Center; to be developed in the current location of the Town Garage which is planned to be relocated.
- ❖ Worked with Virginia Tech to develop a comprehensive site plan for a new municipal facilities complex on the Rosenbaum property.

- ❖ Obtained GPS Tracking Telematics equipment and software to go in Town vehicles to improve driver accountability and enhance the Town's ability to perform preventative maintenance, reducing maintenance costs.
- ❖ Replaced features pump at Wetlands Water Park.
- ❖ Assisted in the growth of Main Street Jonesborough in an attempt to improve business growth.

Business-Type Activities

The Town:

- ❖ Completed the replacement/upgrade of the major wastewater pump station at Persimmon Ridge Park.
- ❖ Repaired the variable drive high service pump at the Rock House Road water booster station, and began design to install a third pump for redundancy.
- ❖ Completed water line cross-connections, addition of pressure reducing valves and master meters in Zones 1 and 2 of the water system, resulting in a dramatic reduction in leaks.
- ❖ Begin engineering design for Zone 3 of Jonesborough's water loss reduction project.
- ❖ Obtained a \$525,000 Community Development Block Grant to complete system zoning and to replace old galvanized and cast iron lines in the water system to reduce water loss.
- ❖ Continued meter replacement program.
- ❖ Returned to the Telford Road/US-11E highway improvement project to relocate water lines based on changes in TDOT's highway improvement design plans.
- ❖ Began installing fencing in the Wastewater Treatment Plant complex using remaining Rural Development grant funds and began grading for new administration and parts room building.
- ❖ Completed the installation of new MIOX equipment used to disinfect water going through Water Treatment Plant.
- ❖ Assisted Washington County with a CDBG application to eliminate David Crockett High School wastewater package plant and to pump waste to the Jonesborough Wastewater Treatment Plant.
- ❖ Began replacing 80 year old cast iron water line on E. Main Street.
- ❖ Began construction of a new sewer collection line serving new Ashley Meadows Subdivision and an area along SR-81 North.
- ❖ Constructed a vehicle and equipment storage building at the Water Treatment Plant.

Town of Jonesborough, Tennessee
CHANGE IN NET POSITION
For the Fiscal Year Ended June 30, 2015

	Governmental Activities		Business-Type Activities		Total	
Revenues	2015	2014	2015	2014	2015	2014
Program Revenues:						
Charges for Services	\$ 2,092,000	1,662,036	6,605,932	5,900,195	8,697,932	7,562,231
Operating Grants	1,189,852	1,222,726	-	-	1,189,852	1,222,726
Capital Grants	704,921	276,962	1,602,464	1,988,512	2,307,385	2,265,474
Total Program Revenues	3,986,773	3,161,724	8,208,396	7,888,707	12,195,169	11,050,431
General Revenues:						
Property Taxes	1,851,127	1,744,711	-	-	1,851,127	1,744,711
Other Taxes	2,135,802	2,034,743	-	-	2,135,802	2,034,743
Other	298,961	429,029	3,015	1,143	301,976	430,172
Total General Revenues	4,285,890	4,208,483	3,015	1,143	4,288,905	4,209,626
Total Revenues	8,272,663	7,370,207	8,211,411	7,889,850	16,484,074	15,260,057
Expenses - Governmental Activities						
General Government	1,113,996	1,162,993	-	-	1,113,996	1,162,993
Police	1,680,335	1,408,888	-	-	1,680,335	1,408,888
Fire	472,027	479,941	-	-	472,027	479,941
Street	735,247	1,028,014	-	-	735,247	1,028,014
Garage	117,897	113,282	-	-	117,897	113,282
Senior Center	300,641	318,096	-	-	300,641	318,096
Park & Recreation	846,579	800,662	-	-	846,579	800,662
Visitor's Center	356,649	416,951	-	-	356,649	416,951
Water Park	513,546	538,894	-	-	513,546	538,894
Solid Waste/Sanitation	516,337	545,993	-	-	516,337	545,993
Interest on Long-Term Debt	102,430	59,630	-	-	102,430	59,630
Total Governmental Activities	6,755,684	6,873,344	0	0	6,755,684	6,873,344
Business-Type Activities:						
Water and Sewer	-	-	5,802,874	5,630,845	5,802,874	5,630,845
Total Business-Type Activities	0	0	5,802,874	5,630,845	5,802,874	5,630,845
Total Expenses	6,755,684	6,873,344	5,802,874	5,630,845	12,558,558	12,504,189
TRANSFERS	160,000	160,000	(160,000)	(160,000)	-	-
Change in Net Position	1,676,979	656,863	2,248,537	2,099,005	3,925,516	2,755,868
Net Position, Beginning	6,725,074	6,068,211	21,145,704	19,046,699	27,870,778	25,114,910
Prior Period Restatement	(380,432)	-	(286,992)	-	(667,424)	-
Net Position, Beginning (Restated)	6,344,642	6,068,211	20,858,712	19,046,699	27,203,354	25,114,910
Net Position, Ending	\$ 8,021,621	6,725,074	23,107,249	21,145,704	31,128,870	27,870,778

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

- ❖ **Government Funds** – The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending funds balances of \$1,848,217. At June 30, 2015, \$628,864 (34%) of this balance was unassigned. This amount is available for spending at the government's discretion. The remainder of the fund balance is reserved or designated for specific purposes.

- ❖ The amount of reserved/designated governmental funds at the end of the current fiscal year was \$1,219,353 as follows:

Nonspendable	\$140,784
Restricted	730,639
Committed	16,185
Assigned	331,745

The General Fund is the chief operating fund of the Town of Jonesborough, Tennessee. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$628,864 while the total General Fund balance was reported to be \$1,762,595. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents eight percent (8%) of total General Fund expenditures, while total fund balance represents twenty-two percent (22%) of that same amount.

Proprietary Funds – Unrestricted net position of the Water/Sewer Fund at the end of the year totaled \$1,095,344. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town of Jonesborough, Tennessee's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original and Final Budgeted Amounts – Differences between the original budget and the final amended budget for the General Fund represent an increase in budgeted revenues of \$1,990,039 and an increase in budgeted expenditures of \$1,945,039 for a net budgeted increase in the fund balance of \$45,000. The increase in budgeted revenues was primarily related to the receipt of Federal loan funds and local contributed capital to build the new Jonesborough Senior Center. The increase in budgeted expenditures was primarily due to capital improvements related to construction of the new Senior Center.

Final Amended Budget and Actual Amounts – The final budget anticipated no increase or decrease in fund balance. The actual change in the fund balance was an increase of \$381,575 and therefore a variance of \$381,575. Revenues performed stronger than anticipated in many categories, with the most significant increase being realized in debt issuance related to construction of the new Senior Center.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The Town of Jonesborough, Tennessee’s net investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$28,757,748 (net investment in capital assets). This investment in capital assets includes land, buildings and system improvement, infrastructure, machinery and equipment, park facilities, roads, bridges and construction in progress.

Town of Jonesborough, Tennessee Total Net Capital Assets June 30, 2015

Net Capital Assets	Governmental Activities		Business Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 3,008,395	2,720,552	715,107	701,739	3,723,502	3,422,291
Buildings and Improvements	3,966,321	3,287,380	16,025,771	16,667,174	19,992,092	19,954,554
Motor Equipment	915,765	638,601	-	-	915,765	638,601
Office Equipment	387,214	387,214	-	-	387,214	387,214
Machinery and Equipment	-	-	654,451	545,477	654,451	545,477
Infrastructure	823,360	848,816	-	-	823,360	848,816
Lines and Improvements	-	-	15,377,291	15,165,062	15,377,291	15,165,062
Construction in Progress	3,309,908	2,659,688	5,058,843	4,030,683	8,368,751	6,690,371
Total Net Capital Assets	<u>\$ 12,410,963</u>	<u>10,542,251</u>	<u>37,831,463</u>	<u>37,110,135</u>	<u>50,242,426</u>	<u>47,652,386</u>

Major capital assets acquired or constructed during this fiscal year 2015 included the following:

❖ Senior Center Construction	\$1,335,341
❖ Walkway Construction and Easements	139,762
❖ Exxon Station Renovations	95,690
❖ Wastewater Treatment Plant Upgrades	1,494,505
❖ Waterline Extensions and Upgrades	541,049

Additional information on the Town of Jonesborough’s capital assets can be found on pages 46-48 of this report.

Long-Term Debt – At the end of the current fiscal year, the Town of Jonesborough, Tennessee had a total bonded debt outstanding of \$8,733,026. The bonded debt is secured solely by specified revenue sources (i.e. revenue bonds).

Additional information on the Town of Jonesborough’s long-term debt can be found on pages 50-65 of this report.

Town of Jonesborough, Tennessee
Outstanding Debt
June 30, 2015

	Governmental Activities		Business Activities		Total	
	2015	2014	2015	2014	2015	2014
<u>Outstanding Debt</u>						
Revenue Bonds	\$ 350,000	415,000	8,383,026	9,164,002	8,733,026	9,579,002
Adjust: Deferred Amounts for Refunding, Premiums and Discounts	12,580	15,597	168,017	196,425	180,597	212,022
Compensated Absences	583,172	632,143	425,445	504,111	1,008,617	1,136,254
Rural Development Debt	3,980,051	2,459,015	6,450,319	6,328,396	10,430,370	8,787,411
Notes Payable	1,205,733	1,643,248	516,538	702,709	1,722,271	2,345,957
Capital Leases	122,630	261,707	54,413	94,248	177,043	355,955
Infrastructure Commitment	-	-	384,209	452,416	384,209	452,416
Net Pension Liability	92,284	570,207	69,618	430,156	161,902	1,000,363
Total Outstanding Debt	<u>\$ 6,346,450</u>	<u>5,996,917</u>	<u>16,451,585</u>	<u>17,872,463</u>	<u>22,798,035</u>	<u>23,869,380</u>

Requests for Information

This financial report is designed to provide a general overview of the Town's finances. Questions or requests for additional information should be addressed to the Town Recorder, 123 Boone Street, Jonesborough, TN 37659.

TOWN OF JONESBOROUGH, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash on Hand	\$ 3,000	400	3,400
Cash in Bank	1,630,327	891,998	2,522,325
Cash on Deposit with State	-	38,203	38,203
Cash - Restricted	-	162,508	162,508
Certificates of Deposit - Long-Term	42,072	-	42,072
Receivables (Net of Allowances for Uncollectibles)			
Taxes	1,862,630	-	1,862,630
Accounts	43,619	287,724	331,343
Other	658,453	-	658,453
Internal Balances	(109,270)	109,270	-
Due from Other Governments	25,866	-	25,866
Inventories	29,202	412,707	441,909
Prepaid Expenses	111,582	53,642	165,224
Capital Assets Not Being Depreciated			
Land	3,008,395	715,107	3,723,502
Construction in Progress	3,309,908	5,058,843	8,368,751
Capital Assets, Net of Accumulated Depreciation			
Buildings and Improvements	3,966,321	16,025,771	19,992,092
Lines and Transmission	-	15,377,291	15,377,291
Machinery and Equipment	-	654,451	654,451
Motor Equipment	915,765	-	915,765
Office Equipment	387,214	-	387,214
Infrastructure	823,360	-	823,360
TOTAL ASSETS	16,708,444	39,787,915	56,496,359
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Bond Refunding	5,874	136,964	142,838
Deferred Outflows Related to Pensions	216,440	162,224	378,664
TOTAL DEFERRED OUTFLOWS OF RESOURCES	222,314	299,188	521,502

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts Payable	234,131	100,676	334,807
Retainage Payable	109,327	-	109,327
Accrued Interest	1,060	43,257	44,317
Due to Other Governments	278	-	278
Accrued Expenses	135,338	128,139	263,477
Unearned Revenues	44,780	-	44,780
Long-Term Liabilities			
Due Within One Year	603,187	1,348,801	1,951,988
Due Within More Than One Year	5,743,263	15,102,784	20,846,047
TOTAL LIABILITIES	6,871,364	16,723,657	23,595,021
DEFERRED INFLOWS OF RESOURCES			
Current Property Taxes	1,698,163	-	1,698,163
Deferred Inflows Related to Pensions	339,610	256,197	595,807
TOTAL DEFERRED INFLOWS OF RESOURCES	2,037,773	256,197	2,293,970
NET POSITION			
Net Investment in Capital Assets	6,745,843	22,011,905	28,757,748
Restricted	730,639	-	730,639
Unrestricted	545,139	1,095,344	1,640,483
TOTAL NET POSITION	\$ 8,021,621	23,107,249	31,128,870

The notes to the financial statements are an integral part of this statement.

TOWN OF JONESBOROUGH, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General Government	\$ 1,113,996	179,745	587,568	-	(346,683)	-	(346,683)
Police Department	1,680,335	174,405	168,476	704,921	(632,533)	-	(632,533)
Fire Department	472,027	-	120,000	-	(352,027)	-	(352,027)
Street Department	735,247	-	179,108	-	(556,139)	-	(556,139)
Garage	117,897	-	-	-	(117,897)	-	(117,897)
Senior Center	300,641	471,394	83,087	-	253,840	-	253,840
Park and Recreation	846,579	200,147	49,613	-	(596,819)	-	(596,819)
Visitor's Center	356,649	103,869	2,000	-	(250,780)	-	(250,780)
Water Park	513,546	406,014	-	-	(107,532)	-	(107,532)
Solid Waste/Sanitation	516,337	556,426	-	-	40,089	-	40,089
Interest on Long-Term Debt	102,430	-	-	-	(102,430)	-	(102,430)
TOTAL GOVERNMENTAL ACTIVITIES	6,755,684	2,092,000	1,189,852	704,921	(2,768,911)	0	(2,768,911)
BUSINESS-TYPE ACTIVITIES							
Water and Sewer	5,802,874	6,605,932	-	1,602,464	-	2,405,522	2,405,522
TOTAL BUSINESS-TYPE ACTIVITIES	5,802,874	6,605,932	0	1,602,464	0	2,405,522	2,405,522
TOTAL PRIMARY GOVERNMENT	\$ 12,558,558	8,697,932	1,189,852	2,307,385	(2,768,911)	2,405,522	(363,389)
GENERAL REVENUES							
Taxes							
Property Taxes					\$ 1,851,127	-	1,851,127
In-Lieu of Taxes					101,436	-	101,436
Sales Taxes					1,623,443	-	1,623,443
Business Taxes					410,923	-	410,923
Grants and Contributions Not Restricted to Specific Programs					160,834	-	160,834
Miscellaneous					85,445	1,351	86,796
Gain on Sale of Assets					52,280	-	52,280
Unrestricted Investment Earnings					402	1,664	2,066
TRANSFERS					160,000	(160,000)	-
TOTAL GENERAL REVENUES AND TRANSFERS					4,445,890	(156,985)	4,288,905
CHANGE IN NET POSITION					1,676,979	2,248,537	3,925,516
NET POSITION - BEGINNING					6,725,074	21,145,704	27,870,778
PRIOR PERIOD RESTATEMENT					(380,432)	(286,992)	(667,424)
NET POSITION - BEGINNING (RESTATED)					6,344,642	20,858,712	27,203,354
NET POSITION - ENDING					\$ 8,021,621	23,107,249	31,128,870

The notes to the financial statements are an integral part of this statement.

TOWN OF JONESBOROUGH, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash on Hand	\$ 3,000	-	3,000
Cash in Bank	1,521,384	53,869	1,575,253
Certificates of Deposit - Long-Term	42,072	-	42,072
Receivables (Net of Allowances for Uncollectibles)			
Taxes	1,862,630	-	1,862,630
Accounts	9,396	34,223	43,619
Other	658,453	-	658,453
Due From Other Funds	1,703	9,613	11,316
Due From Other Governments	25,866	-	25,866
Inventories	29,202	-	29,202
Prepaid Expenses	102,379	9,203	111,582
TOTAL ASSETS	<u>\$ 4,256,085</u>	<u>106,908</u>	<u>4,362,993</u>
LIABILITIES			
Accounts Payable	\$ 221,183	12,948	234,131
Retainage Payable	109,327	-	109,327
Accrued Expenses	127,339	7,999	135,338
Due to Other Governments	-	278	278
Unearned Revenues	44,780	-	44,780
Due to Other Funds	120,525	61	120,586
TOTAL LIABILITIES	<u>623,154</u>	<u>21,286</u>	<u>644,440</u>
DEFERRED INFLOWS OF RESOURCES			
Current Property Taxes	1,788,163	-	1,788,163
Unavailable Revenue	82,173	-	82,173
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,870,336</u>	<u>0</u>	<u>1,870,336</u>
FUND BALANCES			
Total Nonspendable	131,581	9,203	140,784
Total Restricted	654,220	76,419	730,639
Total Committed	16,185	-	16,185
Total Assigned	331,745	-	331,745
Total Unassigned	628,864	-	628,864
TOTAL FUND BALANCES	<u>1,762,595</u>	<u>85,622</u>	<u>1,848,217</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,256,085</u>	<u>106,908</u>	<u>4,362,993</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF JONESBOROUGH, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015

Amounts reported for governmental activities in the Statement of Net Position are different because:

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 1,848,217
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$18,252,255 and the accumulated depreciation is \$5,841,292.	12,410,963
Taxes receivable and other revenues will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	172,173
Accrued interest is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(1,060)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(6,248,292)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities in the Statement of Net Position.	55,074
Long-term pension retirement plans are not due and payable in the current period and, therefore, are not reported in the governmental funds. This amount is the net pension liability, net of deferred inflows and deferred outflows related to pensions.	<u>(215,454)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 8,021,621</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF JONESBOROUGH, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

	General Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 3,921,124	-	3,921,124
Licenses and Permits	32,780	-	32,780
Intergovernmental Revenue	1,053,223	-	1,053,223
Charges for Services	146,965	556,426	703,391
Water Park	406,014	-	406,014
Contributions and Donations	160,834	-	160,834
Fines and Forfeitures	165,566	8,839	174,405
Culture and Recreation - Charges for Services	775,410	-	775,410
Interest Earned	402	-	402
Miscellaneous	83,443	2,002	85,445
TOTAL REVENUES	6,745,761	567,267	7,313,028
EXPENDITURES			
General Government	1,073,238	-	1,073,238
Police Department	1,408,583	21,220	1,429,803
Fire Department	496,266	-	496,266
Street Department	729,341	-	729,341
Sanitation	-	488,622	488,622
Garage	113,441	-	113,441
Senior Center	302,534	-	302,534
Park and Recreation	806,763	-	806,763
Visitor's Center	355,836	-	355,836
Water Park	443,723	-	443,723
Debt Service			
Principal	628,253	32,532	660,785
Interest	101,176	3,834	105,010
Capital Outlay	1,815,617	39,900	1,855,517
TOTAL EXPENDITURES	8,274,771	586,108	8,860,879
Deficiency of Revenues Under Expenditures	(1,529,010)	(18,841)	(1,547,851)
OTHER FINANCING SOURCES			
Operating Transfer	160,000	-	160,000
Debt Issuance - Rural Development Loan	1,540,985	-	1,540,985
Sale of General Capital Assets	209,600	22,268	231,868
TOTAL OTHER FINANCING SOURCES	1,910,585	22,268	1,932,853
Change in Fund Balances	381,575	3,427	385,002
Fund Balances, July 1, 2014	1,381,020	82,195	1,463,215
Fund Balances, June 30, 2015	\$ 1,762,595	85,622	1,848,217

The notes to the financial statements are an integral part of this statement.

TOWN OF JONESBOROUGH, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

Amounts reported for governmental activities in the Statement of Activities are different because:

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ 385,002
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$1,827,604 exceeds depreciation expense of \$479,740.		1,347,864
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, donations and transfers) is to increase net position. \$(179,590) was due to the disposal of assets and \$700,437 due to donations.		520,847
Because some property taxes and other revenues will not be collected for several months after the Town's fiscal year end, they are not considered "available" revenues and are reflected as deferred inflows of resources in the governmental funds. Deferred inflows of resources - unavailable increased by this amount for the current year.		38,442
In the Statement of Activities, certain operating expenses, compensated absences, are measured by the amounts earned during the fiscal year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. Compensated absences changed by this amount for the current year.		48,971
Interest expense reported in the Statement of Activities does not require the use of current financial resources. Therefore, it is not reported as an expenditure in the governmental funds.		217
The issuance of long-term debt (e.g., bonds, notes, and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which proceeds exceeded repayments.		(879,444)
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		1,607
An internal service fund is used by management to charge the costs of insurance to individual funds. The net revenue of the activities of the internal service fund is reported with governmental activities.		48,495
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in deferred outflows of resources related to pensions	216,440	
Change in deferred inflows of resources related to pensions	(339,610)	
Change in net pension liability	288,148	164,978
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 1,676,979</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF JONESBOROUGH, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary and GAAP Basis	
REVENUES				
Taxes				
General Property Taxes				
Current Property Taxes	\$ 1,690,000	1,691,250	1,711,685	20,435
Public Utilities Tax	38,000	40,600	40,627	27
Interest and Penalty	28,000	29,000	29,226	226
Total General Property Taxes	1,756,000	1,760,850	1,781,538	20,688
General Sales Tax				
Local Sales Tax	1,560,000	1,616,000	1,627,227	11,227
Selective Use and Sales Tax				
Local Beer Tax	245,000	241,500	241,530	30
In-Lieu of Taxes				
Johnson City Power Board	41,000	42,800	42,894	94
TVA Tax Equivalent	57,000	58,500	58,542	42
Total In-Lieu of Taxes	98,000	101,300	101,436	136
Gross Receipts and Other Licenses				
Gross Receipts Taxes	100,000	105,000	115,573	10,573
Hotel - Motel Tax	45,000	39,300	38,863	(437)
Litigation Tax	20,000	14,500	14,957	457
Total Gross Receipts and Other Licenses	165,000	158,800	169,393	10,593
Total Taxes	3,824,000	3,878,450	3,921,124	42,674

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary and GAAP Basis	
REVENUES (CONTINUED)				
Licenses and Permits				
Building Permits	38,000	27,200	27,243	43
Beer Permits	2,800	5,500	5,537	37
Total Licenses and Permits	40,800	32,700	32,780	80
Intergovernmental Revenue				
Federal Amounts				
Home Project	-	10,280	10,280	-
Pass-Through State of Tennessee				
Title III - First TN Development District	49,800	31,675	31,678	3
TN Dept of Environment and Conservation Walkway and Park Grant	-	4,960	4,965	5
TDOT High Visibility Law Enforcement Grant	-	4,480	4,484	4
TN Dept of Agriculture - Farmer's Market Grant	-	47,440	47,441	1
Total Federal and Pass-Through State of Tennessee	49,800	98,835	98,848	13
State Amounts				
State Excise Tax	5,000	5,000	5,330	330
Sales Tax	365,000	378,000	382,546	4,546
Income Tax	60,000	129,100	129,115	15
Beer Tax	2,500	2,400	2,416	16
Wholesale Liquor Tax	68,000	73,900	73,986	86
Mixed Drink Tax	2,100	2,100	2,373	273
City Streets and Transportation	10,300	16,870	16,877	7
TN Tourism Grant	-	2,000	2,000	-
Maintenance Reimbursement	42,500	28,800	28,875	75
State Street Aid	132,000	132,600	133,356	756
Telecommunications	450	450	494	44
Senior Citizens	11,700	11,700	11,700	-
Total State Amounts	699,550	782,920	789,068	6,148
Local Amounts				
Washington County - Senior Citizens	43,000	39,700	39,709	9
Washington County - Fire Funds	110,000	120,000	120,000	-
2012 Youth Endowment Grant	-	1,170	1,172	2
2012 Yarn Exchange Grant	1,000	1,000	1,000	-
Tree and Townscape	2,500	1,425	1,426	1
TML Safety Grant	-	2,000	2,000	-
Total Local Amounts	156,500	165,295	165,307	12
Total Intergovernmental Revenue	905,850	1,047,050	1,053,223	6,173

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary and GAAP Basis	
REVENUES (CONTINUED)				
Charges for Services				
Post Office Lease	73,340	73,300	73,340	40
Rental Income	55,000	54,725	54,725	-
Water Department Rent	18,900	18,900	18,900	-
Total Charges for Services	147,240	146,925	146,965	40
Water Park				
Admission and Passes	425,000	280,500	280,651	151
Tube Rental	15,500	15,000	15,064	64
Facility Rental	30,000	25,700	25,794	94
Concessions and Merchandise	111,550	84,400	84,505	105
Total Water Park	582,050	405,600	406,014	414
Contributions and Donations				
Donations - Arbor Day Celebration	500	7,700	7,700	-
Donations - Night with Yarn Exchange Program	-	3,500	3,765	265
Donations - Volunteer Fire	4,000	1,900	1,916	16
Donations - Music on the Square	26,500	36,500	36,665	165
Donations - Mary Martin Arts Program	130,000	100,000	100,728	728
Donations - Jonesborough Spring Art Show	4,250	2,200	2,211	11
Donations - Flag Replacement	3,000	2,800	2,835	35
Donations - Boone Street Market	-	4,750	4,754	4
Donations - Cemetery Maintenance	5,000	250	260	10
Total Contributions and Donations	173,250	159,600	160,834	1,234

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary and GAAP Basis	Final Budget
REVENUES (CONTINUED)				
Fines and Forfeitures				
Police Fines	100,000	153,350	153,545	195
General Sessions Court	8,000	3,000	3,226	226
Fees - Other	800	700	735	35
Fines - Defensive Driving School	6,000	8,000	8,060	60
Total Fines and Forfeitures	114,800	165,050	165,566	516
Culture and Recreation - Charges for Services				
Recreation	19,000	20,500	20,832	332
Visitor Center	122,800	103,225	103,869	644
Adult Center	20,000	471,000	471,394	394
Gazebo Rental	600	300	300	-
Campground	4,000	4,400	4,462	62
Repertory Theatre	35,000	73,925	74,046	121
Mary Martin Town/School Plays and Drama Classes	90,000	96,600	96,735	135
Veterans War Memorial	500	3,500	3,772	272
Total Culture and Recreation - Charges for Services	291,900	773,450	775,410	1,960
Interest Earned				
Investments	500	400	402	2
Total Interest Earned	500	400	402	2
Miscellaneous				
Cable TV Franchise Fee	62,000	66,000	66,015	15
Main Street USA Program Revenues	-	1,800	1,804	4
Miscellaneous	100	300	388	88
Auction	15,000	11,400	11,500	100
Main Street Brews and Tunes Revenues	-	3,500	3,736	236
Total Miscellaneous	77,100	83,000	83,443	443
TOTAL REVENUES	6,157,490	6,692,225	6,745,761	53,536

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary and GAAP Basis	Final Budget
EXPENDITURES				
General Government				
Salaries and Benefits	548,353	531,150	530,786	364
Supplies	70,300	68,850	68,605	245
Professional Services	113,900	156,800	156,366	434
Repairs and Maintenance	20,500	14,000	13,690	310
Travel, Training and Vehicle Expense	9,000	10,500	10,311	189
Utilities	24,200	24,200	24,098	102
General Liability	101,700	99,250	99,185	65
Special Appropriations	130,886	148,136	147,999	137
Dues and Subscriptions	500	750	718	32
Other	25,262	21,500	21,480	20
Capital Outlay	-	2,000	2,000	-
Total General Government	1,044,601	1,077,136	1,075,238	1,898
Police Department				
Salaries and Benefits	1,052,374	1,040,600	1,040,265	335
Supplies	62,750	58,650	58,062	588
Repairs and Maintenance	2,000	71,000	71,602	(602)
Professional Services	18,000	25,000	24,568	432
Travel, Training and Vehicle Expense	84,500	113,500	113,184	316
Utilities	33,500	33,000	32,759	241
Dues and Subscriptions	1,000	1,800	1,743	57
Other	53,000	67,000	66,400	600
Total Police Department	1,307,124	1,410,550	1,408,583	1,967
Fire Department				
Salaries and Benefits	350,993	405,000	403,315	1,685
Supplies	48,050	38,000	37,196	804
Repairs and Maintenance	3,500	3,000	2,447	553
Professional Services	8,000	7,000	6,588	412
Travel, Training and Vehicle Expense	31,950	18,800	18,275	525
Utilities	14,000	14,600	14,578	22
Dues and Subscriptions	900	1,200	1,169	31
Other	41,500	13,000	12,698	302
Total Fire Department	498,893	500,600	496,266	4,334

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary and GAAP Basis	
EXPENDITURES (CONTINUED)				
Street Department				
Salaries and Benefits	388,755	398,000	397,486	514
Supplies	44,000	51,500	50,522	978
State Street Aid: Lighting	160,000	174,000	173,931	69
State Street Aid: Curbs and Sidewalks	30,000	2,000	1,989	11
State Street Aid: Paving and Rock	65,000	13,500	13,301	199
Repairs and Maintenance	22,000	11,400	11,078	322
Travel, Training and Vehicle Expense	76,500	74,800	74,528	272
Utilities	2,600	2,800	2,746	54
Storm Water Upgrade	3,500	3,760	3,760	-
Capital Outlay	-	84,412	84,412	-
Total Street Department	792,355	816,172	813,753	2,419
Garage				
Salaries and Benefits	85,070	81,750	81,581	169
Supplies	10,500	10,250	9,849	401
Repairs and Maintenance	3,000	4,500	4,362	138
Utilities	12,200	11,500	11,468	32
Travel, Training and Vehicle Expense	7,200	7,000	6,181	819
Total Garage	117,970	115,000	113,441	1,559
Senior Center				
Salaries and Benefits	171,997	155,200	154,847	353
Supplies	24,850	20,400	20,090	310
Travel, Training and Vehicle Expense	24,500	18,200	17,910	290
Utilities	20,200	17,000	16,900	100
Dues and Subscriptions	1,000	500	417	83
Programs	87,594	92,620	92,370	250
Capital Outlay	-	1,337,000	1,335,341	1,659
Total Senior Center	330,141	1,640,920	1,637,875	3,045

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary and GAAP Basis	Final Budget
EXPENDITURES (CONTINUED)				
Park and Recreation				
Salaries and Benefits	374,242	248,000	246,853	1,147
Supplies	16,200	18,350	17,922	428
Repairs and Maintenance	98,000	98,800	98,005	795
Programs	221,500	367,000	369,332	(2,332)
Travel, Training and Vehicle Expense	15,800	9,750	9,185	565
Utilities	65,500	65,500	65,346	154
Dues and Subscriptions	1,000	200	120	80
Capital Outlay	5,000	379,300	385,623	(6,323)
Total Park and Recreation	797,242	1,186,900	1,192,386	(5,486)
Visitor's Center				
Salaries and Benefits	191,636	193,050	192,787	263
Supplies	49,500	82,800	62,652	20,148
Repairs and Maintenance	27,500	15,000	14,877	123
Programs	39,000	25,000	24,894	106
Travel, Training and Vehicle Expense	3,700	3,500	3,317	183
Utilities	25,100	27,000	26,758	242
Marketing and Advertising	42,000	29,000	28,832	168
Dues and Subscriptions	1,600	1,800	1,719	81
Total Visitor's Center	380,036	377,150	355,836	21,314
Water Park				
Salaries and Benefits	288,949	228,750	230,427	(1,677)
Supplies	92,750	89,400	86,823	2,577
Repairs and Maintenance	28,000	7,500	7,394	106
Travel, Training and Vehicle Expense	2,400	2,800	2,638	162
Utilities	63,600	93,250	93,041	209
Marketing and Advertising	15,700	23,000	22,730	270
Dues, Subscriptions and Permits	1,000	700	670	30
Capital Outlay	9,000	8,250	8,241	9
Total Water Park	501,399	453,650	451,964	1,686

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary and GAAP Basis	Final Budget
EXPENDITURES (CONTINUED)				
Debt Service				
Principal	501,773	627,959	628,253	(294)
Interest	90,956	101,492	101,176	316
Total Debt Service	592,729	729,451	729,429	22
TOTAL EXPENDITURES	6,362,490	8,307,529	8,274,771	32,758
Excess (Deficiency) of Revenues Over (Under) Expenditures	(205,000)	(1,615,304)	(1,529,010)	86,294
OTHER FINANCING SOURCES				
Operating Transfers	160,000	160,000	160,000	-
Proceeds - Sale of General Capital Assets	-	209,600	209,600	-
Debt Issuance - Rural Development Loan	-	1,245,704	1,540,985	295,281
TOTAL OTHER FINANCING SOURCES	160,000	1,615,304	1,910,585	295,281
Change in Fund Balance	(45,000)	-	381,575	381,575
Fund Balance, July 1, 2014	1,381,020	1,381,020	1,381,020	-
Fund Balance, June 30, 2015	\$ 1,336,020	1,381,020	1,762,595	381,575

The notes to the financial statements are an integral part of this statement.

TOWN OF JONESBOROUGH, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business-Type Activities		Governmental
	Water and Sewer	Total	Activities
	Fund	Enterprise	Internal Service
	Fund	Funds	Fund
ASSETS			
Current Assets			
Cash on Hand	\$ 400	400	-
Cash in Bank	891,998	891,998	55,074
Cash - Restricted	162,508	162,508	-
Cash on Deposit with State	38,203	38,203	-
Accounts Receivable (Net of Uncollectibles)	287,724	287,724	-
Due from Other Funds	120,525	120,525	-
Inventories	412,707	412,707	-
Prepaid Expenses	53,642	53,642	-
Total Current Assets	1,967,707	1,967,707	55,074
Capital Assets			
Land	715,107	715,107	-
Construction in Progress	5,058,843	5,058,843	-
Buildings and Improvements	26,068,126	26,068,126	-
Lines and Transmission	19,953,985	19,953,985	-
Machinery and Equipment	4,460,462	4,460,462	-
Accumulated Depreciation	(18,425,060)	(18,425,060)	-
Net Capital Assets	37,831,463	37,831,463	0
TOTAL ASSETS	39,799,170	39,799,170	55,074
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Bond Refunding	136,964	136,964	-
Deferred Outflows Related to Pensions	162,224	162,224	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	299,188	299,188	0

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business-Type Activities		Governmental
	Water and Sewer	Total	Activities
	Fund	Enterprise	Internal Service
	Fund	Funds	Fund
LIABILITIES			
Current Liabilities			
Accounts Payable	100,676	100,676	-
Accrued Payroll	65,633	65,633	-
Accrued Interest	43,257	43,257	-
Other Accrued Expenses	62,506	62,506	-
Bonds Payable	821,044	821,044	-
Capital Outlay Notes Payable	113,245	113,245	-
Capital Lease	40,669	40,669	-
State Bond Payable	43,608	43,608	-
Rural Development Debt	69,569	69,569	-
Infrastructure Commitment	70,936	70,936	-
Compensated Absences	189,730	189,730	-
Due to Other Funds	11,255	11,255	-
Total Current Liabilities	1,632,128	1,632,128	0
Long-Term Liabilities			
Compensated Absences	235,715	235,715	-
Net Pension Liability	69,618	69,618	-
Infrastructure Commitment	313,273	313,273	-
Capital Lease	13,744	13,744	-
Capital Outlay Notes Payable	403,293	403,293	-
Bonds Payable, Net of Unamortized Premium	7,668,017	7,668,017	-
Rural Development Debt	6,344,706	6,344,706	-
State Bond Payable	54,418	54,418	-
Total Long-Term Liabilities	15,102,784	15,102,784	0
TOTAL LIABILITIES	16,734,912	16,734,912	0
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	256,197	256,197	-
NET POSITION			
Net Investment in Capital Assets	22,011,905	22,011,905	-
Unrestricted	1,095,344	1,095,344	55,074
TOTAL NET POSITION	\$ 23,107,249	23,107,249	55,074

The notes to the financial statements are an integral part of this statement.

TOWN OF JONESBOROUGH, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities		Governmental Activities
	Water and Sewer Fund	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUES			
Charges for Services	\$ 6,605,932	6,605,932	-
Other Operating Revenues	1,351	1,351	84,175
Total Operating Revenues	6,607,283	6,607,283	84,175
OPERATING EXPENSES			
Wages and Employee Benefits	2,265,562	2,265,562	-
Purchases of Power, Water and Other	559,341	559,341	-
Other Operating Expenses	654,957	654,957	35,680
Maintenance	428,517	428,517	-
General Liability	54,790	54,790	-
Travel	4,042	4,042	-
Professional Services	115,586	115,586	-
Building Rent	18,900	18,900	-
Amortization	620	620	-
Depreciation	1,222,506	1,222,506	-
Total Operating Expenses	5,324,821	5,324,821	35,680
Operating Income	1,282,462	1,282,462	48,495
NONOPERATING REVENUES (EXPENSES)			
Interest Income	1,664	1,664	-
Interest Expense and Fiscal Charges	(478,053)	(478,053)	-
Total Nonoperating Revenues (Expenses)	(476,389)	(476,389)	0
Income Before Contributions and Transfers	806,073	806,073	48,495
CAPITAL CONTRIBUTIONS	1,602,464	1,602,464	-
TRANSFER OUT	(160,000)	(160,000)	-
Change in Net Position	2,248,537	2,248,537	48,495
NET POSITION, JULY 1, 2014	21,145,704	21,145,704	6,579
RESTATEMENT	(286,992)	(286,992)	-
NET POSITION, JULY 1, 2014, RESTATED	20,858,712	20,858,712	6,579
NET POSITION, JUNE 30, 2015	\$ 23,107,249	23,107,249	55,074

The notes to the financial statements are an integral part of this statement.

TOWN OF JONESBOROUGH, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities		Governmental
	Water and	Total	Activities -
	Sewer Fund	Enterprise	Internal Service
		Funds	Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received From Customers	\$ 6,543,392	6,543,392	84,175
Cash Payments for Employee Services and Benefits	(2,449,455)	(2,449,455)	-
Cash Payments to Suppliers for Goods and Services	(2,289,368)	(2,289,368)	(35,680)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,804,569	1,804,569	48,495
CASH FLOWS FROM CAPITAL AND RELATED			
FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(2,067,972)	(2,067,972)	-
Principal Paid on Bonds and Notes	(1,132,506)	(1,132,506)	-
Interest Paid on Bonds and Notes	(504,007)	(504,007)	-
Principal Paid on Capital Lease	(39,835)	(39,835)	-
Proceeds from Bonds and Notes	219,076	219,076	-
Capital Grant Income	1,943,333	1,943,333	-
NET CASH USED FOR CAPITAL AND RELATED			
FINANCING ACTIVITIES	(1,581,911)	(1,581,911)	0
CASH FLOWS FROM NON-CAPITAL FINANCING			
ACTIVITIES			
Change in Due from/to Other Funds	(151,563)	(151,563)	-
NET CASH USED FOR NON-CAPITAL			
FINANCING ACTIVITIES	(151,563)	(151,563)	0
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Certificates of Deposits	1,664	1,664	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,664	1,664	0
Net Increase in Cash and Cash Equivalents	72,759	72,759	48,495
CASH AND CASH EQUIVALENTS AT BEGINNING OF FISCAL YEAR	1,020,350	1,020,350	6,579
CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR	\$ 1,093,109	1,093,109	55,074

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities		Governmental Activities
	Water and Sewer Fund	Total Enterprise Funds	Internal Service Fund
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Net Operating Income	\$ 1,282,462	1,282,462	48,495
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation and Amortization	1,223,126	1,223,126	-
Change in Net Pension Liability	(217,374)	(217,374)	-
Change in Deferred Outflows Related to Pensions	(162,224)	(162,224)	-
Change in Deferred Inflows Related to Pensions	256,197	256,197	-
Changes in Assets and Liabilities			
(Increase) Decrease in Net Accounts Receivable	(63,891)	(63,891)	-
(Increase) Decrease in Other Receivables	106	106	-
(Increase) Decrease in Inventories	(3,056)	(3,056)	-
(Increase) Decrease in Prepaid Expenses	(7,462)	(7,462)	-
Increase (Decrease) in Accounts Payable	(433,883)	(433,883)	-
Increase (Decrease) in Customer Deposits	(13,578)	(13,578)	-
Increase (Decrease) in Other Liabilities/Accruals	22,812	22,812	-
Increase (Decrease) in Compensated Absences	(78,666)	(78,666)	-
Net Cash Provided by Operating Activities	<u>\$ 1,804,569</u>	<u>1,804,569</u>	<u>48,495</u>
Reconciliation of Cash and Cash Equivalents From Statement of Cash Flows to Statement of Net Position			
Cash on Hand	\$ 400	400	-
Cash in Bank	891,998	891,998	55,074
Cash - Restricted	162,508	162,508	-
Cash on Deposit with State	<u>38,203</u>	<u>38,203</u>	<u>-</u>
Cash and Cash Equivalents	<u>\$ 1,093,109</u>	<u>1,093,109</u>	<u>55,074</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Jonesborough, Tennessee (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

The Financial Reporting Entity

The Town is a municipal corporation governed by a Board of Mayor and Aldermen form of government. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

Individual Component Unit Disclosures

In evaluating how to define the government, for financial reporting purposes, the Town management has considered all potential component units. A component unit is an organization for which the Town is financially accountable, or for which the nature and significance of their relationship with the Town is such that exclusion from the Town's financial statements would cause them to be misleading or incomplete. The decision to include a potential component unit in the reporting entity was made by applying the criteria as set forth in GAAP. The Town is financially accountable if it: appoints a voting majority of the organization's governing body and it is able to impose its will on the organization or there is a potential for the entity to provide specific financial benefit to or impose specific financial burden on the Town. Additionally, the primary government is required to consider other entities for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon the application of these criteria, the Town does not have any component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues.

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

Direct expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and the internal service fund, while business-type activities incorporate data from the government's enterprise fund. Separate financial statements are provided for governmental funds and proprietary funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied, even though the receivable is recognized in the prior period when the enforceable legal claim arises. Property taxes recognized as receivable before the period of revenue recognition have been reported as deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A 120-day availability period is used for revenue recognition for all grant revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Certain revenues are required to be and are recognized in the general fund as a receivable at June 30 and either as revenue or deferred inflows of resources, depending upon revenue recognition policies of the entity. The following items for the Town are accrued: In-Lieu of tax for TVA, Hotel and Motel tax, Local Sales tax, State Telecommunications tax, State Income tax, State Beer tax, Gas/Motor Fuel tax, Corporate Excise tax and Local Property tax.

Litigation tax, business tax, fines, forfeitures and penalties are required to be recognized as earned; however, they are not measurable or estimable and generally, are not material to the financial statements. Therefore, they are not recognized as revenue until received.

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Town reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary fund:

The *water and sewer fund* is used to account for the provision of water and sewer service to the residents of the Town. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, and financing.

The Town reports the following fund types:

The *Internal Service Fund* accounts for the Town's health reimbursement insurance services provided to other departments or agencies of the government on a cost-reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand and demand deposits. Certificates of Deposit with original maturities greater than ninety days from commercial banks are recorded as certificates of deposit - long-term.

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible. The property tax receivable allowance is equal to 100% of all personal property taxes prior to 2015 and a half of a percent of the current year receivable. Estimated uncollectible taxes were based on the prior year's collection experience.

Property taxes are levied as of October 1 on property values assessed as of January 1. The billings are considered past due on February 28 at which time the applicable property is subject to lien and penalties and interest are assessed. Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arise. This date is January 1 and is referred to as the lien date. For the year ended June 30, 2015, the property tax rate was \$1.3105 per \$100 of assessed value.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected and reported as revenue during the current fiscal year. These property taxes receivable are presented on the Balance Sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 60 days of year end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable that will be filed in court of collections.

3. Inventories and Prepaid Items

Inventories in the general and water and sewer funds are valued at cost using the first-in/first-out (FIFO) method. The costs of inventory of governmental funds are reported as expenditures when consumed rather than when purchased. Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items on the fund level financial statements.

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance
(Continued)**

4. Restricted Assets

The water and sewer fund's restricted assets consist of cash on deposit which is restricted for the payment of customer deposits on water and sewer line extensions.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 for computers, culverts, sidewalks, communication and miscellaneous equipment, \$10,000 for automobiles, bridges and water and sewer lines, \$20,000 for wood or steel based buildings, \$25,000 for streets and roads and \$50,000 for masonry constructed buildings (amounts not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	40
Utility Plants and Lines	45
Buildings and Improvements	30
Machinery, Equipment and Vehicles	10
Office Equipment	5

6. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave because payment is not made upon termination. Vacation pay is accrued when earned in the government-wide and proprietary funds financial statements.

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance
(Continued)**

6. Compensated Absences (Continued)

The proprietary fund financial statements reflect \$425,445 of compensated absences. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Expected future demands of \$583,172 for vacation benefits have been reflected in the Statement of Net Position as compensated absences for the governmental activities.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as expenditures during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

8. Net Position and Fund Balance

In the government-wide financial statements and the proprietary funds in the fund financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net position that does not meet the definition of restricted or net investment in capital assets.

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

8. Net Position and Fund Balance (Continued)

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the Town Charter, Town Code, state or federal laws, or externally imposed conditions by grantors or creditors. The governmental funds Balance Sheet includes \$40,676 in restricted fund balance which is restricted by enabling legislation.

Committed – Amounts that can be used only for specific purposes determined by a formal action by Town ordinance or resolution. The Board of Mayor and Aldermen is the highest level of decision-making authority for the Town.

Assigned – Amounts that are designated by Administration or Finance for a specific purpose but are not spendable until a budget ordinance is passed by Town Mayor and Board of Aldermen.

Unassigned – All amounts not included in other spendable classifications. The Town would typically use restricted funds first, then committed funds, then assigned funds, and then unassigned funds.

9. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Deferred Outflows / Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has items that qualify for reporting in this category.

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

10. Deferred Outflows / Inflows of Resources (Continued)

Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds Balance Sheet. These revenues are current and delinquent property taxes and other taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The Town also had a certain pension item that qualified for reporting on the government-wide statements in this category at June 30, 2015. In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The Town has items that qualify for reporting in this category. Deferred bond refunding costs result from the difference in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The Town also had certain pension items that qualified for reporting on the government-wide statements in this category at June 30, 2015.

11. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the Town's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position

The governmental funds Balance Sheet includes reconciliation between total *fund balances - total governmental funds* and total *net position - governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds." The details of this \$(6,248,292) difference are as follows:

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)**

Bonds Payable (net of deferred refunding and premium)	\$ (356,706)
Capital Outlay Notes Payable	(1,205,733)
Capital Leases	(122,630)
Rural Development Debt	(3,980,051)
Compensated Absences	<u>(583,172)</u>

Net adjustment to reduce total <i>fund balances - total governmental funds</i> to arrive at total <i>net position - governmental activities</i>	<u><u>\$ (6,248,292)</u></u>
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B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental funds Statement of Revenues, Expenditures, and changes in Fund Balances includes a reconciliation between *net changes in fund balances - governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, notes, and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which proceeds exceeded repayments.” The details of this \$(879,444) difference is as follows:

Principal Repayments – General Obligation Debt	\$ 65,000
Principal Repayments – Rural Development Debt	19,949
Principal Repayments – Capital Outlay Notes Payable	437,515
Principal Repayments – Capital Leases	139,077
Proceeds from Rural Development Debt	<u>(1,540,985)</u>

Net adjustment to decrease total <i>net change in fund balances – governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u><u>\$ (879,444)</u></u>
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Another element of that reconciliation states that “in the Statement of Activities, certain operating expenses, compensated absences, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. Compensated absences changed by this amount for the current year.” The details of this \$48,971 are as follows:

Compensated Absences for the Prior Year	\$ 632,143
Compensated Absences for the Current Year	<u>(583,172)</u>

Net adjustment to increase total <i>net change in fund balances – governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ 48,971</u></u>
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TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 3 - BUDGETARY INFORMATION

Budgetary Reporting

The Town authorizes an annual operating budget ordinance for expenditures and related estimated revenues for the general fund and all special revenue funds. The Town's financial operations are subject to the comprehensive appropriated budget. Budget amendments are authorized during the year. The statement of budget to actual for the general fund is as originally adopted or as amended by the Board of Mayor and Aldermen. The budgetary basis only differs from accounting principles generally accepted in the United States of America concerning the reporting of property tax collections. The budget is prepared using the actual cash collections expected. The actual amounts reported by the modified accrual basis are immaterially different from the cash basis used for the budget. The Board of Mayor and Aldermen prepare a tentative appropriation ordinance from detailed information obtained from various departments of the Town and compiled by the Town Administrator. Two readings of the appropriation ordinance must be approved on or before June 30, after which the new budget goes into effect. Expenditures exceeded those budgeted in the Park and Recreation Department in the General Fund by \$5,486.

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits include demand deposits, passbook savings accounts and certificates of deposit. The certificates of deposit include those with original maturity of three months or less which are recorded as certificates of deposit - cash equivalents, and those with original maturities greater than three months but less than one year which are recorded as certificates of deposit - long-term.

Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized as follows:

DEPOSITS: All deposits with financial institutions other than savings and loan associations must be collateralized in an amount equal to 105% of the market value of uninsured deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the Town. Deposits with savings and loan associations must be collateralized by one of the following methods: 1) by an amount equal to 110% of the face amount of uninsured deposits if the collateral is of the same character as that required for other financial institutions; 2) by an irrevocable letter of credit issued by the Federal Home Loan Bank; or 3) by providing notes secured by first mortgages or first deeds of trust upon residential real property located in Tennessee. The promissory notes must be in an amount equal to 150% of the amount of uninsured deposits.

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS: State statutes authorize the Town to invest in treasury bonds, notes or bills of the United States; nonconvertible debt securities of the Federal Home Loan Bank, The Federal National Mortgage Association, The Federal Farm Credit Bank and the State Loan Marketing Association; other obligations not listed above which are guaranteed as to principal and interest by the United States government or any of its agencies; obligations of the United States government or its agencies under a repurchase agreement and money market funds whose portfolios consist of any of the foregoing investments if approved by the State Director of Local Finance and made in accordance with procedures established by the State Funding Board; The State of Tennessee Local Government Investment Pool; obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority.

Deposits

The carrying amount of the Town's deposits with financial institutions was \$2,726,905 and the bank balance was \$2,875,633. The bank deposits are insured by FDIC insurance or by the State collateral pool. Amounts in excess of FDIC limits are secured by the financial institution through the State Collateral Pool. The Town does not have a policy for interest rate risk or other credit risk other than pledging securities for amounts in excess of FDIC coverage. The carrying amount is reflected on the statement of net position as follows:

Cash in Bank	\$ 2,522,325
Certificates of Deposit - Long-Term	42,072
Cash - Restricted	162,508
Total	<u>\$ 2,726,905</u>

Investments

As of June 30, 2015, the Town has no investments. All amounts reflected in the basic financial statements represent deposits.

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 5 - RECEIVABLES

Receivables at June 30, 2015 consist of the following:

	<u>General Fund</u>	<u>Water and Sewer Fund</u>	<u>Solid Waste and Sanitation Fund</u>	<u>Police Drug Enforcement Fund</u>	<u>Total</u>
Receivables					
Accounts	\$ 9,396	319,693	36,459	225	365,773
Taxes	1,886,179	-	-	-	1,886,179
Other	658,453	-	-	-	658,453
Due from Other Governments	<u>25,866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,866</u>
Gross Receivables	2,579,894	319,693	36,459	225	2,936,271
Less: Allowance for Uncollectibles	<u>(23,549)</u>	<u>(31,969)</u>	<u>(2,461)</u>	<u>-</u>	<u>(57,979)</u>
Net Receivables	<u>\$ 2,556,345</u>	<u>287,724</u>	<u>33,998</u>	<u>225</u>	<u>2,878,292</u>

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund level financial statements. These are aggregated and classified as part of the internal balances in government-wide financial statements.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water and Sewer	General	\$ 120,525
General	Water and Sewer	1,642
General	Solid Waste and Sanitation	61
Solid Waste and Sanitation	Water and Sewer	9,613

The interfund transfer from the water and sewer fund to the general fund in the amount of \$160,000 represents the in-lieu of tax payments.

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,720,552	287,843	-	3,008,395
Construction in Progress	2,659,688	1,726,079	(1,075,859)	3,309,908
Total Capital Assets, Not Being Depreciated	5,380,240	2,013,922	(1,075,859)	6,318,303
Capital Assets, Being Depreciated:				
Buildings and Improvements	5,631,285	818,497	-	6,449,782
Motor Equipment	2,772,811	768,527	(190,403)	3,350,935
Office Equipment	1,115,007	-	-	1,115,007
Infrastructure	1,018,228	-	-	1,018,228
Total Capital Assets, Being Depreciated	10,537,331	1,587,024	(190,403)	11,933,952
Less Accumulated Depreciation For:				
Buildings and Improvements	(2,343,905)	(139,556)	-	(2,483,461)
Motor Equipment	(2,134,210)	(314,728)	13,768	(2,435,170)
Office Equipment	(727,793)	-	-	(727,793)
Infrastructure	(169,412)	(25,456)	-	(194,868)
Total Accumulated Depreciation	(5,375,320)	(479,740)	13,768	(5,841,292)
Net Capital Assets, Being Depreciated	5,162,011	1,107,284	(176,635)	6,092,660
Net Governmental Activities Capital Assets	<u>\$ 10,542,251</u>	<u>3,121,206</u>	<u>(1,252,494)</u>	<u>12,410,963</u>

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 701,739	13,368	-	715,107
Construction in Progress	4,030,683	1,569,209	(541,049)	5,058,843
Total Capital Assets, Not Being Depreciated	4,732,422	1,582,577	(541,049)	5,773,950
Capital Assets, Being Depreciated:				
Buildings and Improvements	26,068,126	-	-	26,068,126
Lines and Transmission	19,287,668	666,317	-	19,953,985
Machinery and Equipment	4,176,008	284,454	-	4,460,462
Total Capital Assets, Being Depreciated	49,531,802	950,771	0	50,482,573
Less Accumulated Depreciation For:				
Buildings and Improvements	(9,400,952)	(641,403)	-	(10,042,355)
Lines and Transmission	(4,122,606)	(454,088)	-	(4,576,694)
Machinery and Equipment	(3,630,531)	(175,480)	-	(3,806,011)
Total Accumulated Depreciation	(17,154,089)	(1,270,971)	0	(18,425,060)
Net Capital Assets, Being Depreciated	32,377,713	(320,200)	0	32,057,513
Net Business-Type Activities Capital Assets	\$ 37,110,135	1,262,377	(541,049)	37,831,463

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General Government	\$ 43,031
Public Safety	166,675
Street Department	88,446
Garage	9,359
Park and Recreation	28,049
Visitor's Center	12,399
Water Park	83,672
Sanitation	<u>48,109</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 479,740</u></u>

Of the total water and sewer depreciation, \$1,222,506 is charged to Depreciation and \$48,465 is charged to Water and Sewer Lines.

NOTE 7 - LEASES

Capital Leases

The Town has entered into certain capital lease agreements under which the related equipment will become the property of the Town when all terms of the lease agreements are met.

	Stated Interest Rate	Present Value of Remaining Payments as of June 30, 2015
Governmental Fund Activities:		
Police Vehicles	3.69%	\$ 122,630
Business-Type Activities:		
Equipment	2.07%	<u>54,413</u>
Total Capital Lease Obligations		<u><u>\$ 177,043</u></u>

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 7 - LEASES (CONTINUED)

Capital Leases (Continued)

Equipment and related accumulated amortization under capital leases are as follows:

	Governmental Activities	Business-Type Activities
Equipment	\$ 474,355	120,349
Less: Accumulated Amortization	<u>(189,869)</u>	<u>(8,023)</u>
Net Value	<u><u>\$ 284,486</u></u>	<u><u>112,326</u></u>

As of June 30, 2015, capital lease requirements to maturity are as follows:

Fiscal Year Ending June 30	Governmental Activities	Business-Type Activities
2016	\$ 107,548	41,412
2017	<u>17,926</u>	<u>13,803</u>
Total Requirements	125,474	55,215
Less: Interest	<u>(2,844)</u>	<u>(802)</u>
	<u><u>\$ 122,630</u></u>	<u><u>54,413</u></u>

Amortization of leased equipment under capital assets is included with depreciation expense.

Property on Lease to Others

The Town and the International Storytelling Center (ISC) entered into a final lease agreement in May 2013 for ISC's occupation and use of the Storytelling Center Building. The agreement requires the ISC to pay annual rent of \$45,600, in monthly installments beginning June 1, 2013. The amount of the monthly rent will increase by 5% beginning June 1, 2018 and on each 5-year anniversary date. The initial term of the lease is until May 21, 2023. The cost of the building, as reflected by the Town in capital assets is \$1,008,409. The agreement may be terminated by mutual consent at any time.

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT

A. Changes in Long-Term Liabilities

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental Activities					
General Obligation Debt	\$ 415,000	-	(65,000)	350,000	65,000
Add: Deferred Amount on Issuance Premium	15,597	-	(3,017)	12,580	-
Rural Development Debt	2,459,015	1,540,985	(19,949)	3,980,051	54,806
Compensated Absences	632,143	58,421	(107,392)	583,172	107,392
Capital Outlay Notes Payable	1,643,248	-	(437,515)	1,205,733	271,204
Capital Leases	261,707	-	(139,077)	122,630	104,785
Net Pension Liability	570,207	598,227	(1,076,150)	92,284	-
Governmental Activities Long-Term Liabilities	<u>\$ 5,996,917</u>	<u>2,197,633</u>	<u>(1,848,100)</u>	<u>6,346,450</u>	<u>603,187</u>
Business-Type Activities					
Bonds Payable	\$ 9,030,000	-	(745,000)	8,285,000	785,000
Add: Deferred Amount on Issuance Premium	196,425	-	(28,408)	168,017	-
State Bond Payable	134,002	-	(35,976)	98,026	43,608
Compensated Absences	504,111	111,064	(189,730)	425,445	189,730
Rural Development Debt	6,328,396	219,076	(97,153)	6,450,319	105,613
Capital Outlay Notes Payable	702,709	-	(186,171)	516,538	113,245
Capital Lease	94,248	-	(39,835)	54,413	40,669
Infrastructure Commitment	452,416	-	(68,207)	384,209	70,936
Net Pension Liability	430,156	451,294	(811,832)	69,618	-
Business-Type Activities Long-Term Liabilities	<u>\$ 17,872,463</u>	<u>781,434</u>	<u>(2,202,312)</u>	<u>16,451,585</u>	<u>1,348,801</u>

Changes in the Deferred Bond Refunding for the year ended June 30, 2015 are as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental Activities	\$ 7,284	-	(1,410)	5,874	1,410
Business-Type Activities	165,992	-	(29,028)	136,964	29,028
	<u>\$ 173,276</u>	<u>0</u>	<u>(30,438)</u>	<u>142,838</u>	<u>30,438</u>

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Governmental Activity Debt

General obligation bonds are direct obligations and pledge the full faith and credit of the government and are payable from unlimited ad valorem taxes on all taxable property. General obligation bonds outstanding at June 30, 2015 are as follows:

<u>General Fund</u>	<u>Authority</u>	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Balance Outstanding June 30, 2015</u>
General Obligation Refunding Bond Series 2009	Section 9-21-101, TCA	09-03-09	\$ 875,000	3.58%	06-01-20	\$ 350,000
Total General Obligation Bonds						<u>\$ 350,000</u>

General Obligation Refunding Bonds, Series 2009 debt service requirements to maturity are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 65,000	12,738	77,738
2017	70,000	10,787	80,787
2018	70,000	7,988	77,988
2019	75,000	5,800	80,800
2020	70,000	2,800	72,800
	<u>\$ 350,000</u>	<u>40,113</u>	<u>390,113</u>

Capital outlay notes are direct obligations and the full faith and credit of the government is pledged as security. Capital outlay notes currently outstanding from governmental funds are as follows:

<u>General Fund</u>	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Outstanding June 30, 2015</u>
Capital Outlay Note	12-19-05	\$300,000	4.25%	12-19-15	\$ 18,216
Capital Outlay Note	05-03-11	220,000	2.54%	05-03-16	42,691
Capital Outlay Note	09-08-11	235,000	2.29%	09-08-18	113,928
Capital Outlay Note	06-29-12	650,000	2.59%	06-29-24	505,828
Capital Outlay Note	02-10-14	400,000	1.72%	02-10-18	269,673
Capital Outlay Note	04-14-14	285,000	2.58%	04-14-24	<u>255,397</u>
Total Capital Outlay Notes Payable					<u>\$ 1,205,733</u>

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Governmental Activity Debt (Continued)

The debt service requirements to maturity on the capital outlay note dated December 19, 2005 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 18,216	227	18,443

The debt service requirements to maturity on the capital outlay note dated May 3, 2011 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 42,691	490	43,181

The debt service requirements to maturity on the capital outlay note dated September 8, 2011 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 34,117	2,249	36,366
2017	34,906	1,460	36,366
2018	35,714	652	36,366
2019	9,191	35	9,226
	<u>\$ 113,928</u>	<u>4,396</u>	<u>118,324</u>

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Governmental Activity Debt (Continued)

The debt service requirements to maturity on the capital outlay note dated June 29, 2012 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 50,402	13,109	63,511
2017	51,785	11,726	63,511
2018	53,206	10,305	63,511
2019	54,666	8,845	63,511
2020	56,166	7,346	63,512
2021-2024	239,603	13,782	253,385
	<u>\$ 505,828</u>	<u>65,113</u>	<u>570,941</u>

The debt service requirements to maturity on the capital outlay note dated February 10, 2014 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 99,696	3,856	103,552
2017	101,424	2,127	103,551
2018	68,553	443	68,996
	<u>\$ 269,673</u>	<u>6,426</u>	<u>276,099</u>

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Governmental Activity Debt (Continued)

The debt service requirements to maturity on the capital outlay note dated April 14, 2014 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 26,082	6,283	32,365
2017	26,763	5,602	32,365
2018	27,462	4,903	32,365
2019	28,179	4,186	32,365
2020	28,915	3,450	32,365
2021-2024	117,996	6,058	124,054
	<u>\$ 255,397</u>	<u>30,482</u>	<u>285,879</u>

Total Debt Service Requirements to maturity for Capital Outlay Notes Payable are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 271,204	26,214	297,418
2017	214,878	20,915	235,793
2018	184,935	16,303	201,238
2019	92,036	13,066	105,102
2020	85,081	10,796	95,877
2021-2024	357,599	19,840	377,439
	<u>\$ 1,205,733</u>	<u>107,134</u>	<u>1,312,867</u>

USDA Rural Development

USDA Rural Development obligations outstanding from governmental activities are as follows:

General Fund	Date Issued	Amount Issued	Interest Rate	Maturity Dates	Balance Outstanding June 30, 2015
Rural Development	01-20-15	\$ 3,300,000	3.125%	01-20-53	\$ 3,280,687
Rural Development	05-06-15	700,000	3.50%	05-06-55	<u>699,364</u>
Total Rural Development Debt					<u>\$ 3,980,051</u>

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Governmental Activity Debt (Continued)

USDA Rural Development debt service requirements to maturity on Rural Development note dated January 20, 2015 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 46,611	101,868	148,479
2017	48,088	100,390	148,478
2018	49,613	98,865	148,478
2019	51,186	97,293	148,479
2020	52,808	95,670	148,478
2021-2025	290,241	452,152	742,393
2026-2030	339,255	403,135	742,390
2031-2035	396,550	345,841	742,391
2036-2040	463,521	278,873	742,394
2041-2045	541,799	200,591	742,390
2046-2050	633,300	109,093	742,393
2051-2053	367,715	15,532	383,247
	\$ 3,280,687	2,299,303	5,579,990

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Governmental Activity Debt (Continued)

USDA Rural Development debt service requirements to maturity on Rural Development note dated May 6, 2015 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 8,195	24,346	32,541
2017	8,486	24,054	32,540
2018	8,788	23,753	32,541
2019	9,101	23,440	32,541
2020	9,425	23,116	32,541
2021-2025	52,396	110,309	162,705
2026-2030	62,400	100,305	162,705
2031-2035	74,316	88,389	162,705
2036-2040	88,504	74,200	162,704
2041-2045	105,405	57,300	162,705
2046-2050	125,530	37,174	162,704
2051-2055	146,818	13,204	160,022
	<u>\$ 699,364</u>	<u>599,590</u>	<u>1,298,954</u>

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

B. Governmental Activity Debt (Continued)

Total Debt Service Requirements to maturity for Rural Development Notes Payable are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 54,806	126,214	181,020
2017	56,574	124,444	181,018
2018	58,401	122,618	181,019
2019	60,287	120,733	181,020
2020	62,233	118,786	181,019
2021-2025	342,637	562,461	905,098
2026-2030	401,655	503,440	905,095
2031-2035	470,866	434,230	905,096
2036-2040	552,025	353,073	905,098
2041-2045	647,204	257,891	905,095
2046-2050	758,830	146,267	905,097
2051-2055	514,533	28,736	543,269
	<u>\$ 3,980,051</u>	<u>2,898,893</u>	<u>6,878,944</u>

C. Business-Type Activity Debt

General obligation bonds are direct obligations and pledge the full faith and credit of the government and are payable from unlimited ad valorem taxes on all taxable property. General obligation bonds outstanding at June 30, 2015 for the enterprise fund are as follows:

<u>Water and Sewer Fund Bonds</u>	<u>Authority</u>	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Balance Outstanding June 30, 2015</u>
General Obligation:						
Refunding Bond Series 2009	Section 9-21-101, TCA	09-03-09	\$ 7,480,000	3.58%	06-01-20	\$ 3,365,000
Refunding Bond Series 2012	Section 9-21-101, TCA	06-29-12	5,370,000	2.00%	06-30-39	4,920,000
Total Water and Sewer Fund General Obligation Bonds						<u>\$ 8,285,000</u>

General Obligation Refunding Water and Sewer Bonds, Series 2009 debt service requirements to maturity are as follows:

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

C. Business-Type Activity Debt (Continued)

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 635,000	122,300	757,300
2017	655,000	103,250	758,250
2018	680,000	77,050	757,050
2019	695,000	55,800	750,800
2020	700,000	28,000	728,000
	<u>\$ 3,365,000</u>	<u>386,400</u>	<u>3,751,400</u>

General Obligation Refunding Water and Sewer Bonds, Series 2012 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 150,000	147,219	297,219
2017	155,000	144,219	299,219
2018	160,000	141,119	301,119
2019	160,000	137,918	297,918
2020	165,000	134,719	299,719
2021-2025	875,000	617,519	1,492,519
2026-2030	1,000,000	492,738	1,492,738
2031-2035	1,170,000	323,988	1,493,988
2036-2039	1,085,000	102,661	1,187,661
	<u>\$ 4,920,000</u>	<u>2,242,100</u>	<u>7,162,100</u>

Total debt service requirements to maturity for General Obligation Refunding Water and Sewer Bonds are as follows:

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

C. Business-Type Activity Debt (Continued)

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 785,000	269,519	1,054,519
2017	810,000	247,469	1,057,469
2018	840,000	218,169	1,058,169
2019	855,000	193,718	1,048,718
2020	865,000	162,719	1,027,719
2021-2025	875,000	617,519	1,492,519
2026-2030	1,000,000	492,738	1,492,738
2031-2035	1,170,000	323,988	1,493,988
2036-2039	1,085,000	102,661	1,187,661
	<u>\$ 8,285,000</u>	<u>2,628,500</u>	<u>10,913,500</u>

Capital Outlay Notes are direct obligations and the full faith and credit of the government is pledged as security and are payable from operations of the water system. Capital Outlay Notes currently outstanding from the enterprise fund are as follows:

<u>Water and Sewer Fund</u> <u>Capital Outlay Notes</u>	<u>Authority</u>	<u>Date</u> <u>Issued</u>	<u>Amount</u> <u>Issued</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Dates</u>	<u>Balance</u> <u>Outstanding</u> <u>June 30, 2015</u>
Capital Outlay Note	Section 9-21-117, TCA	12-12-11	\$ 272,000	2.22%	12-12-16	\$ 88,904
Capital Outlay Note	Section 9-21-117, TCA	08-17-12	262,000	1.97%	09-15-15	22,304
Capital Outlay Note	Section 9-21-117, TCA	10-15-13	460,000	2.93%	10-15-25	405,330
Total Water and Sewer Fund Capital Outlay Note						<u>\$ 516,538</u>

Water and Sewer Fund capital outlay note debt service requirements to maturity for the 2011 capital outlay note are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 56,850	1,800	58,650
2017	32,054	255	32,309
	<u>\$ 88,904</u>	<u>2,055</u>	<u>90,959</u>

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

C. Business-Type Activity Debt (Continued)

Water and Sewer Fund capital outlay note debt service requirements to maturity for the 2012 capital outlay note are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 22,304	74	22,378

Water and Sewer Fund capital outlay note debt service requirements to maturity for the 2013 capital outlay note are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 34,091	11,421	45,512
2017	35,104	10,409	45,513
2018	36,146	9,367	45,513
2019	37,220	8,293	45,513
2020	38,325	7,188	45,513
2021-2025	209,388	18,176	227,564
2026	15,056	92	15,148
	<u>\$ 405,330</u>	<u>64,946</u>	<u>470,276</u>

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

C. Business-Type Activity Debt (Continued)

Total debt service requirements to maturity for Water and Sewer Fund Capital Outlay Notes Payable are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 113,245	13,295	126,540
2017	67,158	10,664	77,822
2018	36,146	9,367	45,513
2019	37,220	8,293	45,513
2020	38,325	7,188	45,513
2021-2025	209,388	18,176	227,564
2026	15,056	92	15,148
	<u>\$ 516,538</u>	<u>67,075</u>	<u>583,613</u>

In addition, the Town has a loan with the State of Tennessee Public Health Loan Program. The interest rate on the State of Tennessee Loan is a variable monthly rate. Due to this, the principal debt service requirements to maturity for this bond are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 43,608	3,844	47,452
2017	54,418	14,149	68,567
	<u>\$ 98,026</u>	<u>17,993</u>	<u>116,019</u>

Security for the loan includes a pledge of the lesser of unobligated state shared taxes as will be equal to the maximum annual debt service requirements or all of the unobligated state shared taxes. Further, security includes a graduated sewer user's fee and/or such ad valorem taxes as necessary to provide funds sufficient to pay monthly payments plus the operation and maintenance costs of the sewage treatment works.

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

C. Business-Type Activity Debt (Continued)

USDA Rural Development

<u>Water and Sewer Fund</u>	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Balance Outstanding June 30, 2015</u>
Rural Development	01-24-13	\$ 3,270,000	3.000%	01-24-51	\$ 3,153,777
Rural Development	08-19-13	1,150,000	2.500%	08-19-51	1,115,938
Rural Development	08-28-14	2,210,000	2.500%	08-28-52	<u>2,180,604</u>
Total Rural Development Debt					<u><u>\$ 6,450,319</u></u>

Water and Sewer Fund USDA Rural Development \$3,270,000 CP Loan with interest rate of 3.0% and maturity date of January 24, 2051 debt service requirements to maturity are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 50,339	94,069	144,408
2017	51,872	92,536	144,408
2018	53,452	90,956	144,408
2019	55,080	89,328	144,408
2020	56,758	87,650	144,408
2021-2025	310,796	411,244	722,040
2026-2030	361,097	360,943	722,040
2031-2035	419,541	302,499	722,040
2036-2040	487,443	234,597	722,040
2041-2045	566,334	155,706	722,040
2046-2050	657,995	64,045	722,040
2051	83,070	842	83,912
	<u>\$ 3,153,777</u>	<u>1,984,415</u>	<u>5,138,192</u>

Water and Sewer Fund USDA Rural Development \$1,150,000 loan with interest rate of 2.5% and maturity date of August 19, 2051 debt service requirements to maturity are as follows:

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

C. Business-Type Activity Debt (Continued)

USDA Rural Development (Continued)

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 19,230	27,680	46,910
2017	19,716	27,194	46,910
2018	20,215	26,695	46,910
2019	20,726	26,184	46,910
2020	21,250	25,660	46,910
2021-2025	114,591	119,959	234,550
2026-2030	129,830	104,720	234,550
2031-2035	147,098	87,452	234,550
2036-2040	166,663	67,887	234,550
2041-2045	188,827	45,723	234,550
2046-2050	213,942	20,608	234,550
2051-2052	53,850	845	54,695
	<u>\$ 1,115,938</u>	<u>580,607</u>	<u>1,696,545</u>

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

C. Business-Type Activity Debt (Continued)

USDA Rural Development (Continued)

Water and Sewer Fund USDA Rural Development \$2,210,000 loan with interest rate of 2.5% and maturity date of August 28, 2052 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 36,044	54,105	90,149
2017	36,955	53,193	90,148
2018	37,890	52,259	90,149
2019	38,848	51,301	90,149
2020	39,830	50,318	90,148
2021-2025	214,780	235,964	450,744
2026-2030	243,346	207,398	450,744
2031-2035	275,711	175,033	450,744
2036-2040	312,381	138,363	450,744
2041-2045	353,928	96,816	450,744
2046-2050	401,000	49,743	450,743
2051-2053	189,891	5,388	195,279
	\$ 2,180,604	1,169,881	3,350,485

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT (CONTINUED)

C. Business-Type Activity Debt (Continued)

USDA Rural Development (Continued)

Total debt service requirements to maturity for Water and Sewer Fund Rural Development Loans are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 105,613	175,854	281,467
2017	108,543	172,923	281,466
2018	111,557	169,910	281,467
2019	114,654	166,813	281,467
2020	117,838	163,628	281,466
2021-2025	640,167	767,167	1,407,334
2026-2030	734,273	673,061	1,407,334
2031-2035	842,350	564,984	1,407,334
2036-2040	966,487	440,847	1,407,334
2041-2045	1,109,089	298,245	1,407,334
2046-2050	1,272,937	134,396	1,407,333
2051-2054	326,811	7,075	333,886
	\$ 6,450,319	3,734,903	10,185,222

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 9 - FUND EQUITY

As of June 30, 2015, fund balance is composed of the following:

	General Fund	Solid Waste and Sanitation Fund	Police Drug Enforcement Fund	Total
Fund Balances:				
Non Spendable:				
Inventories	\$ 29,202	-	-	29,202
Prepaid Expenses	102,379	8,633	570	111,582
Total Non Spendable	<u>131,581</u>	<u>8,633</u>	<u>570</u>	<u>140,784</u>
Restricted for:				
Home Project	2,193	-	-	2,193
Adult Center (Special Projects)	34,757	-	-	34,757
Arbor Day Celebration	9,185	-	-	9,185
Cemetery Maintenance Fund	20,612	-	-	20,612
JRT Fundraiser	1,883	-	-	1,883
Jonesborough Locally Grown	5,668	-	-	5,668
Night with Yarn Exchange	4,193	-	-	4,193
Main Street Brews and Tunes	2,766	-	-	2,766
USDA Senior Center	572,963	-	-	572,963
Police Drug Fund	-	-	40,106	40,106
Solid Waste and Sanitation Fund	-	36,313	-	36,313
Total Restricted	<u>654,220</u>	<u>36,313</u>	<u>40,106</u>	<u>730,639</u>
Committed to:				
Police Litigation	9,613	-	-	9,613
Electronic Citation Fees	1,360	-	-	1,360
Volunteer Fire	5,212	-	-	5,212
Total Committed	<u>16,185</u>	<u>0</u>	<u>0</u>	<u>16,185</u>
Assigned:				
Campground Reserve	27,801	-	-	27,801
Veterans War Memorial	4,519	-	-	4,519
Adult Center (Furnishings and Equipment)	236,254	-	-	236,254
Music on the Square	40,219	-	-	40,219
Flag Replacement	6,486	-	-	6,486
Tree and Townscape	1,455	-	-	1,455
Recreation Fundraising	15,011	-	-	15,011
Total Assigned	<u>331,745</u>	<u>0</u>	<u>0</u>	<u>331,745</u>
Unassigned	<u>628,864</u>	<u>0</u>	<u>0</u>	<u>628,864</u>
Total Fund Balances	<u>\$ 1,762,595</u>	<u>44,946</u>	<u>40,676</u>	<u>1,848,217</u>

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 10 - COMMITMENTS

During fiscal year 2010, the Town and Lowe's entered into a memorandum of understanding for construction of a water line. The Town agreed to make it economically feasible for Lowe's and in so doing, agreed to reimburse Lowe's for a portion of the infrastructure costs of the water line project. The Town, along with their engineers, has estimated the cost of this improvement to be \$700,000. The Town does not have a written agreement in place with Lowe's. Payments are made at an interest rate of 4.0% and payments are being made over a 10-year period. Future payments to maturity are as follows:

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 70,936	15,368	86,304
2017	73,773	12,531	86,304
2018	76,724	9,580	86,304
2019	79,793	6,511	86,304
2020	82,983	3,319	86,302
	<u>\$ 384,209</u>	<u>47,309</u>	<u>431,518</u>

The Town has been awarded federal grants and loans for water and sewer improvements and infrastructure projects from USDA – Rural Development. These include a \$2,210,000 USDA Rural Development Community Program Loan, \$1,215,600 Community Program Grant, \$500,000 CDBG, and a \$1,000,000 EDA Grant. The Town has also been awarded a \$3,300,000 USDA – Rural Development loan used in part to purchase the storytelling center in a previous year as well as construction of a new Senior Center. As of year-end, all loan funds have been advanced from USDA – Rural Development.

The Town has active construction projects as of June 30, 2015 for water and sewer infrastructure improvements, as well as the construction of the new senior center. At year-end, the Town's commitments for the projects total approximately \$235,481.

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 11 - PENSION PLAN

General Information about the Pension Plan

Plan Description

Employees of the Town are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated* Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost-of-living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	43
Inactive employees entitled to but not yet receiving benefits	88
Active employees	112
	<u>243</u>

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 11 - PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. The Town makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the fiscal year ended June 30, 2015, employer contributions for the Town were \$334,199 based on a rate of 8.04 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Town's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the fiscal year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The Town's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 11 - PENSION PLAN (CONTINUED)

Net Pension Liability (Asset) (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	6.46%	33%
Developed Market International Equity	6.26%	17%
Emerging Market International Equity	6.40%	5%
Private Equity and Strategic Lending	4.61%	8%
U.S. Fixed Income	0.98%	29%
Real Estate	4.73%	7%
Short-Term Securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent, based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Town will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 11 - PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/2013	\$ 9,092,972	8,092,609	1,000,363
Changes for the year:			
Service Cost	303,476	-	303,476
Interest	692,687	-	692,687
Differences Between Expected and Actual Experience	53,358	-	53,358
Contributions - Employer	-	332,939	(332,939)
Contributions - Employees	-	200,084	(200,084)
Net Investment Income	-	1,359,477	(1,359,477)
Benefit Payments, Including Refunds of Employee Contributions	(321,254)	(321,254)	-
Administrative Expense	-	(4,518)	4,518
Net Changes	<u>728,267</u>	<u>1,566,728</u>	<u>(838,461)</u>
Balance at 6/30/2014	<u>\$ 9,821,239</u>	<u>9,659,337</u>	<u>161,902</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Town calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
Town of Jonesborough, Tennessee's Net Pension Liability (Asset)	\$ 1,615,430	161,902	(1,031,344)

**TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015**

NOTE 11 - PENSION PLAN (CONTINUED)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense

For the fiscal year ended June 30, 2015, the Town recognized pension expense of \$45,820.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences Between Expected and Actual Experience	\$ 44,465	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	595,807
Contributions Subsequent to the Measurement Date of June 30, 2014	<u>334,199</u>	<u>-</u>
	<u><u>\$ 378,664</u></u>	<u><u>595,807</u></u>

The amount shown above for "Contributions Subsequent to the Measurement Date of June 30, 2014" will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	\$ (140,059)
2017	(140,059)
2018	(140,059)
2019	(140,059)
2020	8,893
Thereafter	-

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 11 - PENSION PLAN (CONTINUED)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

NOTE 12 - LITIGATION

The Town attorney advises that of the cases pending against the Town, the potential claims against the Town would not have a materially adverse effect on the financial condition of the Town. The attorney also indicated that some cases were being handled through the Town's insurance provider.

NOTE 13 - RISK MANAGEMENT ACTIVITIES

The Town carries insurance coverage through the Tennessee Municipal League (TML) Risk Management Pool for workman's compensation, general liability, automobile coverage, Town buildings and personal property, fine arts coverage for the museum, contractor's equipment, and public officials and law enforcement personal liability. The Town carries boiler and machinery coverage with Hartford and general liability insurance for Depot Park with Harleysville Insurance Company. The Town also allows employees to participate in group health insurance coverage, which are purchased insurance policies providing full major medical coverage. There was no reduction in coverage from the prior year and the Town has not had any settlements in the last three years, which were not covered by insurance. The Town purchases conventional insurance coverage through TML. Even though the TML policy contains an assessment clause, no assessment has been levied during the years the Town has participated in this program.

NOTE 14 - CONCENTRATIONS

The Town depends on financial resources flowing from, or associated with, both the federal government and the State of Tennessee. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations.

TOWN OF JONESBOROUGH, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 15 - ACCOUNTING STANDARDS CHANGE

In the year ended June 30, 2015, the Town implemented the provisions of two new Governmental Accounting Standards Board (GASB) Statements. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68*, collectively recognized the initial establishment of a net pension liability (asset) at July 1, 2013. Due to the implementation of the new GASB standards, a restatement of \$667,424 decreased net position in order to record the net opening balance of the pension liability (asset) and other debits/credits required in the government-wide financial statements under the new standards.

TOWN OF JONESBOROUGH, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED
RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Last Fiscal Year Ending June 30

	2014
TOTAL PENSION LIABILITY	
Service Cost	\$ 303,476
Interest	692,687
Changes in Benefit Terms	-
Differences Between Actual and Expected Experience	53,358
Change of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(321,254)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	728,267
TOTAL PENSION LIABILITY - BEGINNING	<u>9,092,972</u>
TOTAL PENSION LIABILITY - ENDING (a)	<u><u>\$ 9,821,239</u></u>
 PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 332,939
Contributions - Employee	200,084
Net Investment Income	1,359,477
Benefit Payments, Including Refunds of Employee Contributions	(321,254)
Administrative Expense	<u>(4,518)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,566,728
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>8,092,609</u>
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u><u>\$ 9,659,337</u></u>
 NET PENSION LIABILITY (ASSET) - ENDING (a) - (b)	<u><u>\$ 161,902</u></u>
 PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	98.35%
 COVERED-EMPLOYEE PAYROLL	\$ 4,001,672
 NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	4.05%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will added to this schedule in future years until 10 fiscal years of information is available.

See Independent Auditors' Report.

**TOWN OF JONESBOROUGH, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION OF TCRS
Last Fiscal Year Ending June 30**

	2014	2015
Actuarially Determined Contribution	\$ 332,939	\$ 334,199
Contributions in Relation to the Actuarially Determined Contribution	332,939	334,199
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered-Employee Payroll	\$ 4,001,672	\$ 4,158,647
Contributions as a Percentage of Covered-Employee Payroll	8.32%	8.04%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will added to this schedule in future years until 10 fiscal years of information is available.

Notes To Schedule

Valuation date : Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen initial liability
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	6 years
Asset Valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.00 percent
Salary Increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.50 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost-of-Living Adjustments	2.50 percent

See Independent Auditors' Report.

TOWN OF JONESBOROUGH, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Special Revenue Funds		
	Police Drug Enforcement Fund	Solid Waste and Sanitation Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash in Bank	\$ 39,992	13,877	53,869
Accounts Receivable, Net of Allowance for Uncollectibles	225	33,998	34,223
Due from Other Funds	-	9,613	9,613
Prepaid Expenses	570	8,633	9,203
TOTAL ASSETS	\$ 40,787	66,121	106,908
LIABILITIES			
Accounts Payable	\$ 111	12,837	12,948
Accrued Payroll	-	7,999	7,999
Due to Other Funds	-	61	61
Due to Other Governments	-	278	278
TOTAL LIABILITIES	111	21,175	21,286
FUND BALANCES			
Nonspendable	570	8,633	9,203
Restricted	40,106	36,313	76,419
TOTAL FUND BALANCES	40,676	44,946	85,622
TOTAL LIABILITIES AND FUND BALANCES	\$ 40,787	66,121	106,908

See Independent Auditors' Report.

TOWN OF JONESBOROUGH, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Police Drug Enforcement Fund	Solid Waste and Sanitation Fund	
REVENUES			
Charges for Services	\$ -	556,426	556,426
Fines and Forfeitures	8,839	-	8,839
Miscellaneous	25	1,977	2,002
TOTAL REVENUES	8,864	558,403	567,267
EXPENDITURES			
Police Department	21,220	-	21,220
Sanitation	-	488,622	488,622
Capital Outlay	-	39,900	39,900
Debt Service	-	36,366	36,366
TOTAL EXPENDITURES	21,220	564,888	586,108
Deficiency of Revenues Under Expenditures	(12,356)	(6,485)	(18,841)
OTHER FINANCING SOURCES			
Sale of Assets	11,652	10,616	22,268
Change in Fund Balances	(704)	4,131	3,427
Fund Balances, July 1, 2014	41,380	40,815	82,195
Fund Balances, June 30, 2015	\$ 40,676	44,946	85,622

See Independent Auditors' Report.

TOWN OF JONESBOROUGH, TENNESSEE
POLICE DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	Budgetary and GAAP Basis	Final Budget
REVENUES				
Fines and Forfeitures	\$ 6,000	8,780	8,839	59
Miscellaneous	-	25	25	-
TOTAL REVENUES	6,000	8,805	8,864	59
EXPENDITURES				
K-9 and Police Supplies	24,000	10,600	10,327	273
Travel and Training	2,000	10,900	10,893	7
TOTAL EXPENDITURES	26,000	21,500	21,220	280
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,000)	(12,695)	(12,356)	339
OTHER FINANCING SOURCES				
Sale of Assets	20,000	11,650	11,652	2
Change in Fund Balance	-	(1,045)	(704)	341
Fund Balance, July 1, 2014	41,380	41,380	41,380	-
Fund Balance, June 30, 2015	\$ 41,380	40,335	40,676	341

See Independent Auditors' Report.

TOWN OF JONESBOROUGH, TENNESSEE
SOLID WASTE/SANITATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	Budgetary and GAAP Basis	Final Budget
REVENUES				
Charges for Services	\$ 552,550	555,520	556,426	906
Miscellaneous	-	1,950	1,977	27
TOTAL REVENUES	552,550	557,470	558,403	933
EXPENDITURES				
Salaries and Benefits	262,373	268,030	267,918	112
Supplies and Expenses	9,500	6,500	6,446	54
Small Equipment	8,600	5,400	5,338	62
Repair and Maintenance	3,500	1,500	1,361	139
Safety-Medical	1,750	1,750	1,720	30
Telephone	3,000	2,600	2,573	27
Vehicle Expense	101,000	109,100	109,047	53
Travel	2,500	1,500	1,377	123
Miscellaneous Expenses	7,000	4,800	4,780	20
Dues and Permit Fees	1,600	1,050	1,015	35
General Liability	3,600	3,900	3,854	46
Disposal Fee	91,000	83,500	83,193	307
Debt Service	36,377	36,377	36,366	11
Capital Outlay	10,000	39,900	39,900	-
TOTAL EXPENDITURES	541,800	565,907	564,888	1,019
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,750	(8,437)	(6,485)	(86)
OTHER FINANCING SOURCES				
Sale of Assets	-	10,600	10,616	16
Change in Fund Balance	10,750	2,163	4,131	1,968
Fund Balance, July 1, 2014	40,816	40,815	40,815	-
Fund Balance, June 30, 2015	\$ 51,566	42,978	44,946	1,968

See Independent Auditors' Report.

SECTION II

SUPPLEMENTAL SECTION

TOWN OF JONESBOROUGH, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2015

Grantor Agency	Program Name/ Grant Number	CFDA Number	Contract Number	Expenditures
GENERAL FUND				
U.S. Department of Interior	Pass-Through Tennessee Department of Environment and Conservation and Tennessee Historical Commission Historical Preservation Fund Grants-in-Aid	15.904	(1)	\$ 965
U.S. Department of Agriculture	Pass-Through USDA Rural Development Community Facilities Loan	10.766	N/A	840,985
U.S. Department of Agriculture	Community Facilities Loan	10.766	N/A	127,037
U.S. Department of Housing and Urban Development	HOME Grant Program HM-11-25	14.239	HM-11-25	10,280
U.S. Department of Agriculture	Pass-Through USDA Rural Development Rural Business Enterprise Grant	10.769	N/A	19,841
U.S. Department of Defense	Pass-Through State Department of General Services Section 1033, Excess Property Program	12. UNKNOWN	(1)	868,913
U.S. Dept. of Health and Human Services	Pass-Through First Tennessee Development District (from State of Tennessee) Title III Older Americans Act	93.044	(1)	31,678
U.S. Department of Transportation	Pass-Through Tennessee Department of Transportation High Visibility Law Enforcement Campaigns	20.600	Z15GHS180	4,484
U.S. Department of Transportation	Highway Planning and Construction Safe Routes to Schools	20.205	SRTS-955(24) 100,188	6,573
Total General Fund				<u>\$ 1,910,756</u>
WATER AND SEWER FUND				
U.S. Department of Agriculture	Pass-Through USDA Rural Development Water and Waste Disposal Loans and Grants	10.760	N/A	\$ 289,616
U.S. Department of Agriculture	Water and Waste Disposal Loans and Grants	10.760	N/A	219,076
U.S. Department of Agriculture	Water and Waste Disposal Loans and Grants	10.760	N/A	815,600
U.S. Department of Commerce	Economic Development Administration: Investments for Public Works and Economic Development Facilities Project 04-79-06573	11.300	04-79-06573	250,004
U.S. Department of Housing and Urban Development	Pass-Through Tennessee Department of Economic and Community Development Community Development Block Grant	14.228	33004-90413	247,244
Total Water and Sewer Fund				<u>\$ 1,821,540</u>
TOTAL				<u><u>\$ 3,732,296</u></u>

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Jonesborough, Tennessee (the Town) and is presented on the accrual basis of accounting.

NOTE B: LOANS OUTSTANDING

At June 30, 2015, the Town had outstanding loans obtained through USDA Rural Development. Loan proceeds of \$840,985, which were the remaining funds for this loan were received for CFDA 10.766, Community Facilities Loan, in the General Fund. This loan has an outstanding balance of \$3,280,687. The Town was also awarded an additional \$700,000 Cost Overrun Loan during fiscal year 2015 of which \$127,037 of applicable expenditures has been incurred as of June 30, 2015. This loan has an outstanding balance of \$699,364. Within the Water and Sewer Fund, the Town drew down an additional \$219,076 of loan funds for CFDA 10.760, which were the remaining funds for this \$2,210,000 loan. This loan has an outstanding balance of \$2,180,604 as of fiscal year end.

NOTE C: SURPLUS MILITARY PROPERTY

Non-monetary assistance is reported in the schedule of federal awards at the estimated fair market value of property received and used.

CFDA = Catalog of Federal Domestic Assistance; N/A = Not Applicable; (1) Information not available

See Independent Auditors' Report.

TOWN OF JONESBOROUGH, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2015

Grantor Agency	Program Name	State Grant Number	Expenditures
GENERAL FUND			
First TN Development District	State Senior Centers	N/A	\$ 11,700
TN Department of Tourist Development	Partnership Marketing Program	N/A	2,000
TN Department of Transportation	Town Maintenance	CMA 1418 Project 90955-4223-04	28,975
TN Department of Agriculture	Agriculture Growth Initiative Farmer's Market Capital Development Program	N/A	<u>27,600</u>
TOTAL GENERAL FUND			<u><u>\$ 70,275</u></u>

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of state awards includes the state grant activity of the Town of Jonesborough, Tennessee (the Town) and is presented on the accrual basis of accounting.

N/A = Not Applicable

See Independent Auditors' Report.

TOWN OF JONESBOROUGH, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
GOVERNMENTAL ACTIVITIES
Capital Outlay Note Dated June 29, 2012
June 30, 2015

<u>Fiscal Year</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Requirements</u>
2016	\$ 50,402	13,109	63,511
2017	51,785	11,726	63,511
2018	53,206	10,305	63,511
2019	54,666	8,845	63,511
2020	56,166	7,346	63,512
2021	57,707	5,804	63,511
2022	59,290	4,221	63,511
2023	60,917	2,594	63,511
2024	61,689	1,163	62,852
	<u>\$ 505,828</u>	<u>65,113</u>	<u>570,941</u>

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
GOVERNMENTAL ACTIVITIES
Capital Outlay Note Dated April 14, 2014
June 30, 2015

<u>Fiscal Year</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Requirements</u>
2016	\$ 26,082	6,283	32,365
2017	26,763	5,602	32,365
2018	27,462	4,903	32,365
2019	28,179	4,186	32,365
2020	28,915	3,450	32,365
2021	29,669	2,695	32,364
2022	30,444	1,921	32,365
2023	31,239	1,126	32,365
2024	26,644	316	26,960
	<u>\$ 255,397</u>	<u>30,482</u>	<u>285,879</u>

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
GOVERNMENTAL ACTIVITIES
Rural Development Note Dated January 20, 2015
June 30, 2015

<u>Fiscal Year</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Requirements</u>
2016	\$ 46,611	101,868	148,479
2017	48,088	100,390	148,478
2018	49,613	98,865	148,478
2019	51,186	97,293	148,479
2020	52,808	95,670	148,478
2021	54,482	93,996	148,478
2022	56,210	92,269	148,479
2023	57,992	90,487	148,479
2024	59,830	88,648	148,478
2025	61,727	86,752	148,479
2026	63,683	84,795	148,478
2027	65,702	82,776	148,478
2028	67,785	80,693	148,478
2029	69,934	78,544	148,478
2030	72,151	76,327	148,478
2031	74,438	74,040	148,478
2032	76,798	71,680	148,478
2033	79,233	69,245	148,478
2034	81,745	66,734	148,479
2035	84,336	64,142	148,478
2036	87,010	61,469	148,479
2037	89,768	58,710	148,478
2038	92,614	55,865	148,479
2039	95,550	52,929	148,479
2040	98,579	49,900	148,479
2041	101,704	46,774	148,478
2042	104,928	43,550	148,478
2043	108,254	40,224	148,478
2044	111,686	36,792	148,478
2045	115,227	33,251	148,478
2046	118,880	29,599	148,479
2047	122,648	25,830	148,478
2048	126,537	21,942	148,479
2049	130,548	17,930	148,478
2050	134,687	13,792	148,479
2051	138,956	9,522	148,478
2052	143,361	5,117	148,478
2053	85,398	893	86,291
	<u>\$ 3,280,687</u>	<u>2,299,303</u>	<u>5,579,990</u>

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
GOVERNMENTAL ACTIVITIES
Rural Development Note Dated May 6, 2015
June 30, 2015

<u>Fiscal Year</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Requirements</u>
2016	\$ 8,195	24,346	32,541
2017	8,486	24,054	32,540
2018	8,788	23,753	32,541
2019	9,101	23,440	32,541
2020	9,425	23,116	32,541
2021	9,760	22,781	32,541
2022	10,107	22,434	32,541
2023	10,466	22,075	32,541
2024	10,839	21,702	32,541
2025	11,224	21,317	32,541
2026	11,623	20,918	32,541
2027	12,037	20,504	32,541
2028	12,465	20,076	32,541
2029	12,908	19,633	32,541
2030	13,367	19,174	32,541
2031	13,843	18,698	32,541
2032	14,335	18,206	32,541
2033	14,845	17,696	32,541
2034	15,373	17,168	32,541
2035	15,920	16,621	32,541
2036	16,486	16,055	32,541
2037	17,072	15,469	32,541
2038	17,679	14,861	32,540
2039	18,308	14,233	32,541
2040	18,959	13,582	32,541
2041	19,634	12,907	32,541
2042	20,332	12,209	32,541
2043	21,055	11,486	32,541
2044	21,804	10,737	32,541
2045	22,580	9,961	32,541
2046	23,383	9,158	32,541
2047	24,214	8,327	32,541
2048	25,075	7,465	32,540
2049	25,967	6,574	32,541
2050	26,891	5,650	32,541
2051	27,847	4,694	32,541
2052	28,838	3,703	32,541
2053	29,863	2,677	32,540
2054	30,926	1,615	32,541
2055	29,344	515	29,859
	<u>\$ 699,364</u>	<u>599,590</u>	<u>1,298,954</u>

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
WATER AND SEWER FUND
Series 2012 Refunding Bonds
June 30, 2015

<u>Fiscal Year</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Requirements</u>
2016	\$ 150,000	147,219	297,219
2017	155,000	144,219	299,219
2018	160,000	141,119	301,119
2019	160,000	137,918	297,918
2020	165,000	134,719	299,719
2021	165,000	131,419	296,419
2022	170,000	127,706	297,706
2023	175,000	123,881	298,881
2024	180,000	119,506	299,506
2025	185,000	115,006	300,006
2026	190,000	109,919	299,919
2027	195,000	104,694	299,694
2028	200,000	98,844	298,844
2029	205,000	92,844	297,844
2030	210,000	86,438	296,438
2031	220,000	79,875	299,875
2032	225,000	72,725	297,725
2033	235,000	65,413	300,413
2034	240,000	57,188	297,188
2035	250,000	48,788	298,788
2036	260,000	40,038	300,038
2037	265,000	30,938	295,938
2038	275,000	21,000	296,000
2039	285,000	10,684	295,684
	<u>\$ 4,920,000</u>	<u>2,242,100</u>	<u>7,162,100</u>

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
WATER AND SEWER FUND
Capital Outlay Note Dated October 15, 2013
June 30, 2015

<u>Fiscal Year</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Requirements</u>
2016	\$ 34,091	11,421	45,512
2017	35,104	10,409	45,513
2018	36,146	9,367	45,513
2019	37,220	8,293	45,513
2020	38,325	7,188	45,513
2021	39,463	6,050	45,513
2022	40,635	4,878	45,513
2023	41,842	3,671	45,513
2024	43,084	2,429	45,513
2025	44,364	1,148	45,512
2026	15,056	92	15,148
	<u>\$ 405,330</u>	<u>64,946</u>	<u>470,276</u>

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
WATER AND SEWER FUND
Rural Development Note Dated January 24, 2013
June 30, 2015

<u>Fiscal Year</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Requirements</u>
2016	\$ 50,339	94,069	144,408
2017	51,872	92,536	144,408
2018	53,452	90,956	144,408
2019	55,080	89,328	144,408
2020	56,758	87,650	144,408
2021	58,486	85,922	144,408
2022	60,268	84,140	144,408
2023	62,103	82,305	144,408
2024	63,995	80,413	144,408
2025	65,944	78,464	144,408
2026	67,952	76,456	144,408
2027	70,022	74,386	144,408
2028	72,155	72,253	144,408
2029	74,352	70,056	144,408
2030	76,617	67,791	144,408
2031	78,950	65,458	144,408
2032	81,355	63,053	144,408
2033	83,833	60,575	144,408
2034	86,386	58,022	144,408
2035	89,017	55,391	144,408
2036	91,728	52,680	144,408
2037	94,522	49,886	144,408
2038	97,401	47,007	144,408
2039	100,367	44,041	144,408
2040	103,424	40,984	144,408
2041	106,574	37,834	144,408
2042	109,820	34,588	144,408
2043	113,165	31,243	144,408
2044	116,612	27,796	144,408
2045	120,163	24,245	144,408
2046	123,823	20,585	144,408
2047	127,594	16,814	144,408
2048	131,481	12,927	144,408
2049	135,485	8,923	144,408
2050	139,612	4,796	144,408
2051	83,070	842	83,912
	<u>\$ 3,153,777</u>	<u>1,984,415</u>	<u>5,138,192</u>

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
WATER AND SEWER FUND
Rural Development Note Dated August 19, 2013
June 30, 2015

<u>Fiscal Year</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Requirements</u>
2016	\$ 19,230	27,680	46,910
2017	19,716	27,194	46,910
2018	20,215	26,695	46,910
2019	20,726	26,184	46,910
2020	21,250	25,660	46,910
2021	21,788	25,122	46,910
2022	22,339	24,571	46,910
2023	22,904	24,006	46,910
2024	23,483	23,427	46,910
2025	24,077	22,833	46,910
2026	24,685	22,225	46,910
2027	25,310	21,600	46,910
2028	25,950	20,960	46,910
2029	26,606	20,304	46,910
2030	27,279	19,631	46,910
2031	27,969	18,941	46,910
2032	28,676	18,234	46,910
2033	29,401	17,509	46,910
2034	30,145	16,765	46,910
2035	30,907	16,003	46,910
2036	31,689	15,221	46,910
2037	32,490	14,420	46,910
2038	33,312	13,598	46,910
2039	34,154	12,756	46,910
2040	35,018	11,892	46,910
2041	35,903	11,007	46,910
2042	36,811	10,099	46,910
2043	37,742	9,168	46,910
2044	38,696	8,214	46,910
2045	39,675	7,235	46,910
2046	40,678	6,232	46,910
2047	41,707	5,203	46,910
2048	42,762	4,148	46,910
2049	43,843	3,067	46,910
2050	44,952	1,958	46,910
2051	46,089	821	46,910
2052	7,761	24	7,785
	<u>\$ 1,115,938</u>	<u>580,607</u>	<u>1,696,545</u>

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
WATER AND SEWER FUND
Rural Development Note Dated August 28, 2014
June 30, 2015

<u>Fiscal Year</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Requirements</u>
2016	\$ 36,044	54,105	90,149
2017	36,955	53,193	90,148
2018	37,890	52,259	90,149
2019	38,848	51,301	90,149
2020	39,830	50,318	90,148
2021	40,838	49,311	90,149
2022	41,870	48,278	90,148
2023	42,929	47,220	90,149
2024	44,015	46,134	90,149
2025	45,128	45,021	90,149
2026	46,269	43,880	90,149
2027	47,439	42,710	90,149
2028	48,639	41,510	90,149
2029	49,869	40,280	90,149
2030	51,130	39,019	90,149
2031	52,423	37,726	90,149
2032	53,749	36,400	90,149
2033	55,108	35,041	90,149
2034	56,501	33,647	90,148
2035	57,930	32,218	90,148
2036	59,395	30,754	90,149
2037	60,897	29,252	90,149
2038	62,437	27,712	90,149
2039	64,016	26,133	90,149
2040	65,635	24,514	90,149
2041	67,295	22,854	90,149
2042	68,997	21,152	90,149
2043	70,741	19,407	90,148
2044	72,530	17,618	90,148
2045	74,365	15,784	90,149
2046	76,245	13,904	90,149
2047	78,173	11,975	90,148
2048	80,150	9,999	90,149
2049	82,177	7,972	90,149
2050	84,255	5,894	90,149
2051	86,386	3,763	90,149
2052	88,570	1,578	90,148
2053	14,936	45	14,981
	<u>\$ 2,180,604</u>	<u>1,169,881</u>	<u>3,350,485</u>

See Independent Auditors' Report.

SECTION III
OTHER SUPPLEMENTAL INFORMATION SECTION
(UNAUDITED)

TOWN OF JONESBOROUGH, TENNESSEE
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 2,952,853	3,421,284	3,688,843	4,443,417	4,337,577	4,734,770	4,774,556	5,324,869	5,754,968	6,745,843
Restricted	-	-	50,302	51,116	64,632	22,988	16,414	27,991	212,745	730,639
Unrestricted	(47,078)	319,219	467,201	614,640	706,427	637,353	1,119,774	715,351	757,361	545,139
Total Governmental Activities Net Position	<u>\$ 2,905,775</u>	<u>3,740,503</u>	<u>4,206,346</u>	<u>5,109,173</u>	<u>5,108,636</u>	<u>5,395,111</u>	<u>5,910,744</u>	<u>6,068,211</u>	<u>6,725,074</u>	<u>8,021,621</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 13,836,876	13,755,504	14,336,287	14,166,405	14,559,703	15,242,201	16,320,580	18,329,212	20,337,931	22,011,905
Unrestricted	938,003	1,731,333	1,638,042	1,524,830	1,126,195	1,002,789	1,360,303	717,487	807,773	1,095,344
Total Business-Type Activities Net Position	<u>\$14,774,879</u>	<u>15,486,837</u>	<u>15,974,329</u>	<u>15,691,235</u>	<u>15,685,898</u>	<u>16,244,990</u>	<u>17,680,883</u>	<u>19,046,699</u>	<u>21,145,704</u>	<u>23,107,249</u>
Primary Government										
Net Investment in Capital Assets	\$ 16,789,729	17,176,788	18,025,130	18,609,822	18,897,280	19,976,971	21,095,136	23,654,081	26,092,899	28,757,748
Restricted	-	-	50,302	51,116	64,632	22,988	16,414	27,991	212,745	730,639
Unrestricted	890,925	2,050,552	2,105,243	2,139,470	1,832,622	1,640,142	2,480,077	1,432,838	1,565,134	1,640,483
Total Primary Government Net Position	<u>\$17,680,654</u>	<u>19,227,340</u>	<u>20,180,675</u>	<u>20,800,408</u>	<u>20,794,534</u>	<u>21,640,101</u>	<u>23,591,627</u>	<u>25,114,910</u>	<u>27,870,778</u>	<u>31,128,870</u>

See Independent Auditors' Report.

TOWN OF JONESBOROUGH, TENNESSEE
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES										
Governmental Activities										
General Government	\$ 759,230	645,704	920,950	717,696	811,736	873,260	910,179	1,370,213	1,162,993	1,113,996
Police Department	1,433,724	1,505,898	1,548,219	1,642,724	1,770,457	1,201,708	1,254,245	1,297,528	1,408,888	1,680,335
Fire Department	-	-	-	-	-	415,727	432,531	433,492	479,941	472,027
Street Department	-	-	628,090	691,267	1,054,357	811,742	769,526	785,721	1,028,014	735,247
Garage	-	-	94,247	105,871	107,120	105,218	109,523	121,513	113,282	117,897
Senior Center	-	-	234,620	254,929	298,297	301,455	298,139	297,768	318,096	300,641
Public Works	928,980	954,519	-	-	-	-	-	-	-	-
Park and Recreation	-	-	406,032	458,970	470,533	662,258	539,514	630,072	800,662	846,579
Visitor's Center	-	-	381,954	344,236	420,867	429,961	516,705	445,580	416,951	356,649
Water Park	368,177	342,378	392,056	441,424	495,864	525,764	504,916	558,884	538,894	513,546
Solid Waste/Sanitation	-	-	365,240	397,969	408,587	534,463	535,851	511,561	545,993	516,337
Community Development	224,280	257,000	-	-	-	-	-	-	-	-
Culture and Recreation	722,109	712,046	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	99,653	110,608	100,792	79,475	47,220	68,429	58,973	59,381	59,630	102,430
Total Governmental Activities Expenses	<u>4,536,153</u>	<u>4,528,153</u>	<u>5,072,200</u>	<u>5,134,561</u>	<u>5,885,038</u>	<u>5,929,985</u>	<u>5,930,102</u>	<u>6,511,713</u>	<u>6,873,344</u>	<u>6,755,684</u>
Business-Type Activities										
Water and Sewer	4,317,235	4,607,205	4,984,540	5,535,014	5,465,918	5,305,448	5,093,021	5,714,380	5,630,845	5,802,874
Total Business-Type Activities Expenses	<u>4,317,235</u>	<u>4,607,205</u>	<u>4,984,540</u>	<u>5,535,014</u>	<u>5,465,918</u>	<u>5,305,448</u>	<u>5,093,021</u>	<u>5,714,380</u>	<u>5,630,845</u>	<u>5,802,874</u>
Total Primary Government Expenses	<u>\$ 8,853,388</u>	<u>9,135,358</u>	<u>10,056,740</u>	<u>10,669,575</u>	<u>11,350,956</u>	<u>11,235,433</u>	<u>11,023,123</u>	<u>12,226,093</u>	<u>12,504,189</u>	<u>12,558,558</u>
PROGRAM REVENUES										
Governmental Activities										
Charges for Services	\$ 992,136	1,138,477	1,122,729	1,665,081	1,727,513	1,681,365	1,665,044	1,525,227	1,662,036	2,092,000
Operating Grants and Contributions	409,554	260,158	461,412	800,609	705,367	806,086	879,694	1,256,626	1,222,726	1,189,852
Capital Grants and Contributions	159,402	204,907	111,700	19,766	18,489	34,400	102,587	-	276,962	704,921
Total Governmental Activities Program Revenues	<u>1,561,092</u>	<u>1,603,542</u>	<u>1,695,841</u>	<u>2,485,456</u>	<u>2,451,369</u>	<u>2,521,851</u>	<u>2,647,325</u>	<u>2,781,853</u>	<u>3,161,724</u>	<u>3,986,773</u>
Business-Type Activities										
Charges for Services	4,443,837	4,888,111	5,204,113	5,162,584	5,494,199	5,727,587	5,894,689	5,900,037	5,900,195	6,605,932
Capital Grants and Contributions	2,284,115	450,200	284,630	107,800	-	173,382	672,840	1,514,240	1,988,512	1,602,464
Total Business-Type Activities Program Revenues	<u>6,727,952</u>	<u>5,338,311</u>	<u>5,488,743</u>	<u>5,270,384</u>	<u>5,494,199</u>	<u>5,900,969</u>	<u>6,567,529</u>	<u>7,414,277</u>	<u>7,888,707</u>	<u>8,208,396</u>
Total Primary Government Program Revenues	<u>\$ 8,289,044</u>	<u>6,941,853</u>	<u>7,184,584</u>	<u>7,755,840</u>	<u>7,945,568</u>	<u>8,422,820</u>	<u>9,214,854</u>	<u>10,196,130</u>	<u>11,050,431</u>	<u>12,195,169</u>

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
NET (EXPENSES)/REVENUES										
Governmental Activities	\$ (2,975,061)	(2,924,611)	(3,376,359)	(2,649,105)	(3,433,669)	(3,408,134)	(3,282,777)	(3,729,860)	(3,711,620)	(2,768,911)
Business-Type Activities	2,410,717	731,106	504,203	(264,630)	28,281	595,521	1,474,508	1,699,897	2,257,862	2,405,522
Total Primary Government Net Expenses	<u>\$ (564,344)</u>	<u>(2,193,505)</u>	<u>(2,872,156)</u>	<u>(2,913,735)</u>	<u>(3,405,388)</u>	<u>(2,812,613)</u>	<u>(1,808,269)</u>	<u>(2,029,963)</u>	<u>(1,453,758)</u>	<u>(363,389)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities										
Taxes:										
Property Taxes	\$ 1,257,398	1,296,559	1,403,591	1,489,950	1,544,625	1,552,466	1,712,744	1,731,632	1,744,711	1,851,127
In-Lieu of Taxes	50,253	54,583	60,209	68,277	73,130	81,285	93,214	92,221	97,009	101,436
Sales Taxes	1,082,122	1,161,230	1,245,294	1,073,024	1,238,698	1,295,877	1,405,547	1,485,575	1,543,745	1,623,443
Business Taxes	101,463	130,089	132,500	380,912	432,433	395,650	387,487	392,546	393,989	410,923
Other Local Governments	197,035	136,753	149,452	-	-	-	-	-	-	-
State Aid	483,785	522,515	425,092	-	-	-	-	-	-	-
Grants and Contributions not Restricted	-	-	-	434,182	28,636	233,305	92,822	87,023	223,672	160,834
Miscellaneous	372,627	402,821	365,099	58,194	69,339	70,442	60,721	61,217	136,055	85,445
Unrestricted Investment Earnings	7,124	14,789	20,241	6,669	5,547	3,076	653	92	363	402
Pass-Through to Storytelling Center	(6,098)	-	-	-	-	-	-	-	-	-
Gain on Sale of Assets	-	-	-	-	-	21,784	4,498	11,387	68,939	52,280
Transfers	40,000	40,000	40,724	40,724	40,724	40,724	40,724	40,724	160,000	160,000
Total Governmental Activities	<u>3,585,709</u>	<u>3,759,339</u>	<u>3,842,202</u>	<u>3,551,932</u>	<u>3,433,132</u>	<u>3,694,609</u>	<u>3,798,410</u>	<u>3,902,417</u>	<u>4,368,483</u>	<u>4,445,890</u>
Business-Type Activities										
Miscellaneous	21,005	1,094	425	-	-	-	-	-	-	1,351
Unrestricted Investment Earnings	12,166	19,758	23,588	22,260	7,106	4,295	2,109	2,936	1,143	1,664
Transfers	(40,000)	(40,000)	(40,724)	(40,724)	(40,724)	(40,724)	(40,724)	(40,724)	(160,000)	(160,000)
Total Business-Type Activities	<u>(6,829)</u>	<u>(19,148)</u>	<u>(16,711)</u>	<u>(18,464)</u>	<u>(33,618)</u>	<u>(36,429)</u>	<u>(38,615)</u>	<u>(37,788)</u>	<u>(158,857)</u>	<u>(156,985)</u>
Total Primary Government	<u>\$ 3,578,880</u>	<u>3,740,191</u>	<u>3,825,491</u>	<u>3,533,468</u>	<u>3,399,514</u>	<u>3,658,180</u>	<u>3,759,795</u>	<u>3,864,629</u>	<u>4,209,626</u>	<u>4,288,905</u>
CHANGE IN NET POSITION										
Governmental Activities	\$ 610,648	834,728	465,843	902,827	(537)	286,475	515,633	172,557	656,863	1,676,979
Business-Type Activities	2,403,888	711,958	487,492	(283,094)	(5,337)	559,092	1,435,893	1,662,109	2,099,005	2,248,537
Total Primary Government	<u>\$ 3,014,536</u>	<u>1,546,686</u>	<u>953,335</u>	<u>619,733</u>	<u>(5,874)</u>	<u>845,567</u>	<u>1,951,526</u>	<u>1,834,666</u>	<u>2,755,868</u>	<u>3,925,516</u>

NOTE: New functional categories were added in the 2008 fiscal year.

See Independent Auditors' Report.

TOWN OF JONESBOROUGH, TENNESSEE
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Nonspendable	\$ -	-	-	-	-	82,387	89,021	91,066	82,031	131,581
Restricted	-	-	-	-	-	93,906	85,849	49,130	137,055	654,220
Committed	-	-	-	-	-	73,064	77,242	60,716	51,917	16,185
Assigned	-	-	-	-	-	220,058	752,021	290,894	312,432	331,745
Unassigned	-	-	-	-	-	488,655	451,483	660,421	797,585	628,864
Designated	147,092	151,364	234,175	294,713	341,569	-	-	-	-	-
Unreserved	(214,900)	103,677	170,373	300,857	543,153	-	-	-	-	-
Total General Fund	<u>\$ (67,808)</u>	<u>255,041</u>	<u>404,548</u>	<u>595,570</u>	<u>884,722</u>	<u>958,070</u>	<u>1,455,616</u>	<u>1,152,227</u>	<u>1,381,020</u>	<u>1,762,595</u>
All Other Governmental Funds										
Nonspendable	\$ -	-	-	-	-	7,346	6,488	8,142	6,506	9,203
Restricted	-	-	-	-	-	63,083	56,373	33,170	75,690	76,419
Unreserved, Reported in:										
Special Revenue Funds	96,086	147,002	167,283	184,929	207,499	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 96,086</u>	<u>147,002</u>	<u>167,283</u>	<u>184,929</u>	<u>207,499</u>	<u>70,429</u>	<u>62,861</u>	<u>41,312</u>	<u>82,196</u>	<u>85,622</u>

See Independent Auditors' Report.

TOWN OF JONESBOROUGH, TENNESSEE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Taxes	\$ 2,507,051	2,648,512	2,812,765	3,020,771	3,307,529	3,318,699	3,560,415	3,701,667	3,799,198	3,921,124
Licenses and Permits	80,796	64,728	58,728	55,853	27,086	34,397	28,322	24,858	41,964	32,780
Intergovernmental Revenue	788,064	704,345	733,180	709,716	723,856	840,486	982,281	1,256,626	1,469,513	1,053,223
Charges for Services	408,591	525,565	501,029	865,581	835,797	834,660	874,463	875,385	1,010,059	1,478,801
Water Park	502,451	548,105	534,250	545,556	547,248	611,728	621,149	447,501	375,275	406,014
Contributions and Donations	-	-	-	13,769	28,636	233,305	92,822	87,023	223,672	160,834
Grant Income	277,700	153,732	213,240	110,659	-	-	-	-	-	-
Fines and Forfeitures	197,115	136,829	150,817	198,091	317,382	200,580	141,110	177,483	234,738	174,405
Miscellaneous	372,848	402,828	439,771	58,195	69,339	70,442	60,721	61,217	136,055	85,445
Interest Earned	7,124	14,790	20,241	6,669	5,547	3,076	653	92	363	402
Total Revenues	5,141,740	5,199,434	5,464,021	5,584,860	5,862,420	6,147,373	6,361,936	6,631,852	7,290,837	7,313,028
EXPENDITURES										
General Government	722,624	621,719	802,531	710,384	771,493	835,193	870,044	1,326,613	1,120,621	1,073,238
Police Department	1,298,704	1,338,090	1,418,106	1,502,675	1,543,653	1,046,588	1,137,608	1,176,701	1,252,511	1,429,803
Fire Department	-	-	-	-	-	409,026	426,878	427,773	473,375	496,266
Street Department	-	-	591,858	639,338	1,007,164	755,599	728,813	710,642	934,236	729,341
Sanitation	-	-	338,199	364,302	358,639	506,145	482,524	464,557	490,722	488,622
Garage	-	-	92,667	102,163	102,956	100,965	105,597	117,446	109,234	113,441
Public Works	853,832	896,142	-	-	-	-	-	-	-	-
Senior Center	-	-	234,620	251,434	293,203	297,191	295,151	289,464	305,472	302,534
Park and Recreation	-	-	389,594	439,543	448,894	642,608	515,815	612,469	779,403	806,763
Visitor's Center	-	-	371,175	330,858	401,085	407,056	431,059	429,620	400,721	355,836
Community Development	224,281	256,998	-	-	-	-	-	-	-	-
Culture and Recreation	698,960	687,720	-	-	-	-	-	-	-	-
Water Park	315,421	291,230	327,868	373,275	426,586	445,896	484,676	471,606	451,594	443,723
Debt Service:										
Principal	307,852	467,308	479,806	378,843	358,955	474,393	528,306	425,219	418,498	660,785
Interest	99,872	93,757	84,096	80,451	69,441	68,219	58,737	61,138	61,386	105,010
Lease Payments	83,519	83,519	83,527	-	-	-	-	-	-	-
Capital Outlay	1,176,300	364,186	405,910	243,650	795,102	504,724	946,972	1,844,205	2,580,015	1,855,517
Other Expenses	6,098	-	-	-	-	-	-	-	-	-
Total Expenditures	5,787,463	5,100,669	5,619,957	5,416,916	6,577,171	6,493,603	7,012,180	8,357,453	9,377,788	8,860,879
Excess (Deficiency) of Revenues										
Over/(Under) Expenditures	(645,723)	98,765	(155,936)	167,944	(714,751)	(346,230)	(650,244)	(1,725,601)	(2,086,951)	(1,547,851)

(Continued)

TOWN OF JONESBOROUGH, TENNESSEE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
OTHER FINANCING SOURCES (USES)										
Operating Transfers	40,000	40,000	40,724	40,724	40,724	40,724	40,724	40,724	160,000	160,000
Sale of Assets	-	-	-	-	-	21,784	4,498	11,387	96,165	231,868
Bond Proceeds	-	-	-	-	905,178	220,000	1,095,000	1,348,552	1,110,463	1,540,985
Bond Refunding	-	-	-	-	(882,302)	-	-	-	-	-
Capital Outlay Note Proceeds	592,000	235,000	285,000	-	500,000	-	-	-	685,000	-
Capital Lease	234,418	-	-	-	462,873	-	-	-	305,000	-
Total Other Financing Sources (Uses)	866,418	275,000	325,724	40,724	1,026,473	282,508	1,140,222	1,400,663	2,356,628	1,932,853
Net Change in Fund Balances	<u>\$ 220,695</u>	<u>373,765</u>	<u>169,788</u>	<u>208,668</u>	<u>311,722</u>	<u>(63,722)</u>	<u>489,978</u>	<u>(324,938)</u>	<u>269,677</u>	<u>385,002</u>
Debt Service as a Percentage of Noncapital Expenditures	8.84%	11.85%	10.82%	8.88%	7.41%	9.06%	9.68%	7.47%	7.06%	10.89%

NOTE: New functional categories were added in the 2008 fiscal year.

See Independent Auditors' Report.

TOWN OF JONESBOROUGH, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAX RECEIVABLE
JUNE 30, 2015

Tax Year	Property Tax Receivable at June 30, 2014	Property Tax Levied	Anticipated Current Year Levy	Collections	Abatements and Adjustments	Property Tax Receivable at June 30, 2015
2015	\$ -	-	1,754,686	-	-	1,754,686
2014	-	1,739,312	-	(1,638,631)	-	100,681
2013	88,706	-	-	(75,489)	-	13,217
2012	20,541	-	-	(17,120)	-	3,421
2011	10,146	-	-	(8,473)	-	1,673
2010	13,226	-	-	(5,274)	-	7,952
2009	4,186	-	-	(3,205)	-	981
2008	1,419	-	-	(181)	-	1,238
2007	1,262	-	-	-	-	1,262
2006	500	-	-	-	-	500
2005	568	-	-	-	-	568
2004	236	-	-	-	(236)	-
Total	<u>\$ 140,790</u>	<u>1,739,312</u>	<u>1,754,686</u>	<u>(1,748,373)</u>	<u>(236)</u>	<u>1,886,179</u>

Uncollected Delinquent Taxes Filed in Chancery Court:

Delinquent taxes were filed with the County Clerk & Master's office as of June 30, 2015.

See Independent Auditors' Report.

TOWN OF JONESBOROUGH, TENNESSEE
PRINCIPAL PROPERTY TAXPAYERS
Current Fiscal Year and Nine Fiscal Years Ago

<u>Taxpayer</u>	2015			2006		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Wolfe Development	\$ 4,476,109	1	3.42%	\$ 961,575	6	1.27%
Lowe's	3,928,391	2	3.00%	-		0.00%
Excel Polymers LLC	2,970,092	3	2.27%	4,180,155	1	5.51%
Ingle's Market, Inc	1,912,921	4	1.46%	1,626,153	2	2.14%
KVAT Food Stores, Inc	1,835,720	5	1.40%	546,880	9	0.72%
Avion Reality II, LLC	1,311,080	6	1.00%	-		0.00%
Blue Sky Hospitality	1,248,490	7	0.95%	1,071,340	5	1.41%
MSH Squared LLC	1,022,290	8	0.78%	-		0.00%
Roan Partners	1,004,840	9	0.77%	-		0.00%
Washington Farmers Co-Op	995,050	10	0.76%	740,413	7	0.98%
Archie Friday	-		0.00%	1,495,595	3	1.97%
Douglas White	-		0.00%	1,080,320	4	1.42%
Jackson Heights Apartments	-		0.00%	680,000	8	0.90%
Source One Development	-		0.00%	518,320	10	0.68%
	<u>\$ 20,704,983</u>		<u>15.81%</u>	<u>\$ 12,900,751</u>		<u>17.00%</u>

See Independent Auditors' Report.

**TOWN OF JONESBOROUGH, TENNESSEE
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2015**

Total Assessed Property	<u>\$ 129,621,099</u>
Legal Debt Limit - 10% of Assessed Value	\$ 12,962,110
General Obligation Debt	<u>350,000</u>
Margin for Additional Borrowing	<u>\$ 12,612,110</u>

See Independent Auditors' Report.

TOWN OF JONESBOROUGH, TENNESSEE
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Assessed Property	<u>\$ 75,931,973</u>	<u>80,863,839</u>	<u>87,337,067</u>	<u>91,787,837</u>	<u>125,441,940</u>	<u>128,263,890</u>	<u>128,500,386</u>	<u>130,736,364</u>	<u>131,396,019</u>	<u>129,621,099</u>
Debt Limit - 10% of Assessed Value	7,593,197	8,086,384	8,733,707	9,178,784	12,544,194	12,826,389	12,850,039	13,073,636	13,139,602	12,962,110
Total Net Debt Applicable to Limit	<u>1,475,555</u>	<u>1,301,041</u>	<u>1,094,937</u>	<u>868,202</u>	<u>755,000</u>	<u>640,000</u>	<u>535,000</u>	<u>475,000</u>	<u>415,000</u>	<u>350,000</u>
Legal Debt Margin	<u>\$ 6,117,642</u>	<u>6,785,343</u>	<u>7,638,770</u>	<u>8,310,582</u>	<u>11,789,194</u>	<u>12,186,389</u>	<u>12,315,039</u>	<u>12,598,636</u>	<u>12,724,602</u>	<u>12,612,110</u>
Total Net Debt Applicable to the limit as a percentage of debt limit	19.43%	16.09%	12.54%	9.46%	6.02%	4.99%	4.16%	3.63%	3.16%	2.70%

See Independent Auditors' Report.

TOWN OF JONESBOROUGH, TENNESSEE
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Bonded Debt	\$ 1,475,555	1,301,041	1,094,937	868,202	755,000	640,000	535,000	475,000	415,000	350,000
Assessed Valuation	\$ 75,931,973	80,863,839	87,337,067	91,787,837	125,441,940	128,263,890	128,500,386	130,736,364	131,396,019	129,621,099
Ratio of General Bonded Debt to Assessed Value	1.94%	1.61%	1.25%	0.95%	0.60%	0.50%	0.42%	0.36%	0.32%	0.27%
Bonded Debt per Capita										
Based on 2000 Census	\$ 4,168	4,168	4,168	4,168	4,168	-	-	-	-	-
Based on 2010 Census	-	-	-	-	-	5,051	5,051	5,051	5,051	5,051
Bonded Debt per Capita	\$ 354	312	263	208	181	127	106	94	82	69

See Independent Auditors' Report.

TOWN OF JONESBOROUGH, TENNESSEE
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Debt Service for General Bonded Debt</u>	<u>Total General Expenditures</u>	<u>Ratio</u>
2015	\$ 77,738	\$ 8,197,032	0.95%
2014	77,138	8,749,982	0.88%
2013	78,938	7,700,836	1.03%
2012	127,087	6,090,571	2.09%
2011	140,538	5,692,425	2.47%
2010	142,585	5,945,692	2.40%
2009	282,953	5,133,963	5.51%
2008	273,816	5,346,141	5.12%
2007	251,707	4,848,962	5.19%
2006	252,355	5,296,220	4.76%

See Independent Auditors' Report.

TOWN OF JONESBOROUGH, TENNESSEE
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
2015	\$ 1,739,312	\$ 1,638,631	94%	\$ 109,742	\$ 1,748,373	101%	\$ 135,579	8%
2014	1,721,601	1,630,004	95%	116,748	1,746,752	101%	140,790	8%
2013	1,713,669	1,599,925	93%	91,989	1,691,914	99%	167,086	10%
2012	1,684,933	1,573,482	93%	60,671	1,634,153	97%	162,042	10%
2011	1,549,724	1,456,792	94%	82,770	1,539,562	99%	130,076	8%
2010	1,513,101	1,423,592	94%	103,902	1,527,494	101%	124,314	8%
2009	1,449,775	1,348,596	93%	84,902	1,433,498	99%	141,096	10%
2008	1,383,233	1,297,933	94%	72,195	1,370,128	99%	123,318	9%
2007	1,282,813	1,205,895	94%	65,013	1,270,908	99%	112,428	9%
2006	1,212,955	1,144,950	94%	82,691	1,227,641	101%	98,134	8%

See Independent Auditors' Report.

**TOWN OF JONESBOROUGH, TENNESSEE
UTILITY RATES IN FORCE FOR WATER AND SEWER
AND NUMBER OF CUSTOMERS
For the Fiscal Year Ended June 30, 2015**

<u>Water Rates</u>	<u>Inside City</u>	<u>Outside City</u>
First 1,000 gallons	\$16.50 per 1,000 gallons	\$27.50 per 1,000 gallons
Over 1,000 gallons	\$3.00 per 1,000 gallons	\$5.35 per 1,000 gallons
Over 5,000 gallons	\$4.00 per 1,000 gallons	\$6.35 per 1,000 gallons

<u>Sewer Rates</u>	<u>Inside City</u>	<u>Outside City</u>
First 1,000 gallons	\$20.63 per 1,000 gallons	\$34.38 per 1,000 gallons
Over 1,000 gallons	\$3.75 per 1,000 gallons	\$6.69 per 1,000 gallons
Over 5,000 gallons	\$5.00 per 1,000 gallons	\$7.94 per 1,000 gallons

Number of Customers at Year End:

Active	9,951
Inactive	<u>1,839</u>
Total	<u><u>11,790</u></u>

See Independent Auditors' Report.



AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0
American Water Works Association
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Water Audit Report for: Town of Jonesborough (0000338)
Reporting Year: 2015 7/2014 - 6/2015

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

WATER SUPPLIED

Volume from own sources: + ? 8 1,147.182 MG/Yr
Water imported: + ? 9 1.401 MG/Yr
Water exported: + ? n/a 0.000 MG/Yr

Master Meter and Supply Error Adjustments

Point: 9 Value: -1.200 MG/Yr
Point: n/a Value: 0.000 MG/Yr
Point: 8 Value: 0.000 MG/Yr

Enter negative % or value for under-registration
Enter positive % or value for over-registration

WATER SUPPLIED: 1,149.783 MG/Yr

AUTHORIZED CONSUMPTION

Billed metered: + ? 8 544.477 MG/Yr
Billed unmetered: + ? 7 0.536 MG/Yr
Unbilled metered: + ? 9 10.197 MG/Yr
Unbilled unmetered: + ? 5 14.372 MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

AUTHORIZED CONSUMPTION: 569.582 MG/Yr

Click here: ? for help using option buttons below
Point: 1.25% Value: 0.000 MG/Yr

Use buttons to select percentage of water supplied OR value

Point: 0.25% Value: 0.000 MG/Yr
Point: 5.00% Value: 0.000 MG/Yr
Point: 0.25% Value: 13.860 MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

580.201 MG/Yr

Apparent Losses

Unauthorized consumption: + ? 6 2.874 MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies: + ? 6 29.193 MG/Yr
Systematic data handling errors: + ? 6 13.860 MG/Yr

Apparent Losses: 45.928 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 534.273 MG/Yr

WATER LOSSES: 580.201 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 604.770 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: + ? 7 355.0 miles
Number of active AND inactive service connections: + ? 7 12,025
Service connection density: 34 conn./mile main

Are customer meters typically located at the curbside or property line?

Yes

Average length of customer service line: + ? 0.0 ft (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: + ? 3 175.0 psi

COST DATA

Total annual cost of operating water system: + ? 9 \$4,317.854 \$/Year
Customer retail unit cost (applied to Apparent Losses): + ? 8 \$5.59 \$/1000 gallons (US)
Variable production cost (applied to Real Losses): + ? 5 \$400.95 \$/Million gallons ☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 74 out of 100 ***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:


Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Volume from own sources

2: Variable production cost (applied to Real Losses)

3: Customer metering inaccuracies

(Continued)



AWWA Free Water Audit Software: System Attributes and Performance Indicators

WAS v5.0
 American Water Works Association.
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Water Audit Report for: Town of Jonesborough (0000338)

Reporting Year: 2015 7/2014 - 6/2015

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 74 out of 100 ***

System Attributes:

Apparent Losses:	45.928	MG/Yr
+ Real Losses:	534.273	MG/Yr
= Water Losses:	580.201	MG/Yr
? Unavoidable Annual Real Losses (UARL):	237.85	MG/Yr
Annual cost of Apparent Losses:	\$256,737	
Annual cost of Real Losses:	\$214,217	Valued at Variable Production Cost

Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	52.6%	Real Losses valued at Variable Production Cost
		Non-revenue water as percent by cost of operating system:	11.1%	
Operational Efficiency:	{	Apparent Losses per service connection per day:	10.46	gallons/connection/day
		Real Losses per service connection per day:	121.73	gallons/connection/day
		Real Losses per length of main per day*:	N/A	
		Real Losses per service connection per day per psi pressure:	0.70	gallons/connection/day/psi
From Above, Real Losses = Current Annual Real Losses (CARL): 534.27 million gallons/year				
? Infrastructure Leakage Index (ILI) [CARL/UARL]: 2.25				

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

See Independent Auditors' Report.

SECTION IV
INTERNAL CONTROL AND
COMPLIANCE SECTION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Mayor and Board of Aldermen
Town of Jonesborough, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jonesborough, Tennessee (the Town), as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 18, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. This is listed as 2011-001.

Town of Jonesborough, Tennessee
Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items: 2011-001 and 2015-001.

Town of Jonesborough, Tennessee's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blackburn, Childers & Steagall, PLC

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

December 18, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Mayor and Board of Aldermen
Town of Jonesborough, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the Town of Jonesborough, Tennessee's (the Town) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the fiscal year ended June 30, 2015. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Basis for Qualified Opinion on U.S. Department of Defense, Section 1033 Excess Property Program

As described in the accompanying schedule of findings and questioned costs, the Town did not comply with requirements regarding U.S. Department of Defense, Section 1033 Excess Property Program as described in finding number 2015-001 for contract terms and conditions.

Town of Jonesborough, Tennessee
Independent Auditors' Report on
Compliance For Each Major Program

Compliance with such requirements is necessary, in our opinion, for the Town to comply with the requirements applicable to that program.

Qualified Opinion on U.S. Department of Defense, Section 1033 Excess Property Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on U.S. Department of Defense, Section 1033 Excess Property Program for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

Town of Jonesborough, Tennessee
Independent Auditors' Report on
Compliance For Each Major Program

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Town's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Blackburn, Childers & Steagall, PLC

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

December 18, 2015

TOWN OF JONESBOROUGH, TENNESSEE
SCHEDULE OF DISPOSITION OF PRIOR FISCAL YEAR FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015

Financial Statement Audit

Finding Number	Finding Title	Status
2011-001	Significant Deficiency - Water Line Agreement	Repeated

Major Federal Programs Audit

There were none reported for the prior fiscal year.

TOWN OF JONESBOROUGH, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jonesborough, Tennessee.
2. One significant deficiency relating to the audit of the financial statements of the Town of Jonesborough, Tennessee was disclosed during the audit.
3. One instance of noncompliance material to the financial statements of the Town of Jonesborough, Tennessee, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. One material weakness in internal control over major federal award programs was disclosed during the audit.
5. The auditors' report on compliance for the major federal award programs for the Town of Jonesborough, Tennessee expresses a qualified opinion on U.S. Department of Defense, Section 1033 Excess Property Program and an unmodified opinion on all other major federal programs.
6. There was one audit finding relative to the major federal award programs that is required to be reported in accordance with section 510(a) of OMB Circular A-133.
7. The programs tested as major programs were Water and Waste Disposal Systems for Rural Communities, CFDA 10.760, Community Facilities Loan, CFDA 10.766, and U.S. Department of Defense, Section 1033 Excess Property Program, CFDA 12.UNKNOWN.
8. The threshold used for distinguishing Type A and B programs was \$300,000.
9. The Town of Jonesborough, Tennessee was determined to be a low-risk auditee.

TOWN OF JONESBOROUGH, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

FINDING – FINANCIAL STATEMENT AUDIT

PRIOR YEAR FINDING NOT IMPLEMENTED

2011-001: Significant Deficiency: Water Line Agreement

Condition: The Town does not have a final agreement regarding the Lowe's water line payback terms.

Criteria: It is best practice to have a formal, approved agreement that states the agreed-upon total cost and Town's obligation.

Effect: The effect of this deficiency could result in potential misunderstandings as well as the Town incurring additional liabilities that are not currently planned.

Recommendation: The Town needs to obtain a final resolution and agreement regarding the Lowe's water line payback terms. It is best practice to have an agreement with the stated agreement price so that the Town is aware of any additional liability that could be incurred.

Management's Response: Contacts with Lowe's are being undertaken with the expectation that an agreement on the total Town obligation will be mutually determined within the first quarter of 2016. The Town has continued to make annual payments to Lowe's based on the initial cost-estimates; however, it is time to reach a final agreement.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2015-001: Material Weakness: U.S. Department of Defense: Section 1033 Excess Property Program – CFDA 12.UNKNOWN – Year Ended June 30, 2015

Condition: The Town received surplus property items through the State of Tennessee, Department of General Services under the federal Department of Defense Section 1033 Excess Property Program. The state and the Department of Defense established guidelines for participants that receive property through the program. These guidelines provide directives as to the use, accountability, reporting and disposal of property received. Further, guidelines state that property received is to be used only for law enforcement and counter-drug activities. During the year, some assets were used for other purposes (water and sewer and street) and not law enforcement and counter-drug activities. The estimated value of these assets is approximately \$245,000 and represents questioned costs.

Criteria: State and federal Department of Defense guidelines specify various surplus property guidelines and the possible effects of noncompliance.

Effect: When Section 1033 Excess Property Program guidelines are not followed, the state could suspend or terminate participation in the program and/or initiate corrective action.

TOWN OF JONESBOROUGH, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(CONTINUED)**

2015-001: Material Weakness: U.S. Department of Defense: Section 1033 Excess Property Program – CFDA 12.UNKNOWN – Year Ended June 30, 2015 (continued)

Recommendation: Town officials should closely review all Section 1033 Excess Property Program rules, policies and procedures to ensure proper and complete compliance.

Management's Response: The Town of Jonesborough's Police Department did receive surplus equipment through the Tennessee Department of General Services from the Federal Department of Defense. In order to obtain the DOD equipment, the Police Department has to submit a listing of the equipment needed and a justification for its use. If the State Director of the program disbursing surplus military equipment and the military base in which it is located agrees with the intended use and approves its transfer to the Jonesborough Police Department, then the Town must incur the cost of transporting the item(s) to Jonesborough. The Agreement signed with the TN Department of General Services regarding Department of Defense equipment and vehicles states that the Police Department must use it for the purpose approved in its acquisition, i.e., how it is intended to be used. In direct communications with the State Director of the program dispersing surplus DOD equipment, Jonesborough Police Department staff was told the equipment had to be used as intended, but there was no expectation for its continued use beyond the original intent, and as long as the items remained the responsibility of the Police Department for one year, there was no limitation in its use by another department.

The Jonesborough Police Department has thoroughly documented the use of all equipment and vehicles obtained under the DOD surplus program, and has used the equipment as intended. We maintain we have met the requirements of the TN Department of General Services Surplus Property Agreement regarding proper use and control of items obtained.

TOWN OF JONESBOROUGH, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS AUDIT

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Defense: Passed-through State Department of General Services: Section 1033 Excess Property Program	2015-001	12.UNKNOWN	Circular A-133 Compliance Supplement, Part 3, Sections: A, B, and F and Section 1033 Excess Property Program Guidelines	Internal Control and Noncompliance: See Finding 2015-001	\$ 245,000